LA FORZA DELLE CONNESSIONI

ANNUAL REPORT 2023

Dear Shareholders,

2023 was a very important year for our company. On November 5, after a long and complex process, the Board of Directors of TIM approved the investment fund KKR’s offer to acquire the fixed access network company known as NETCO. This came almost a year and a half after the Capital Markets Day held on July 7, 2022, when we presented our “delayering” plan to separate the Group into four different entities.

The sale of NETCO was by no means a foregone conclusion. Over the past two decades, multiple network spin-off projects have been initiated, none of which ever came to fruition.

The closing of the deal will signal the end of one era and the start of a new one; a change so profound as to mark a real watershed moment in the industry.

The transaction will be unparalleled in terms of value, strategic importance and complexity, both nationally and internationally. As a result, it has already led to a substantial preparatory workload of both managerial and organisational aspects. Meanwhile, the restructuring and revitalisation of our group has continued with unwavering momentum, yielding good results in line with our guidance which – unlike in the past – we are consistently meeting, year after year, quarter after quarter.

The macroeconomic environment was not easy last year. Italy's GDP growth slowed drastically, from 3.7% in 2022 to 0.9%. In Europe, uncertainties surrounding a durable return of inflation to levels consistent with price stability persisted, postponing the anticipated easing of monetary policy. Unstable international relations and ongoing wars add further uncertainty to economic performance.

Despite everything, total TIM Group revenues grew by 3.1% and service revenues were up 2.3%. Above all, the growth of EBITDA (+5.7%) and EBITDA After Lease (+6.1%) are clear signs of the effective work carried out and that the path to operational recovery we have taken remains the correct one.

In the Domestic business, service revenues returned to growth for the first time after 22 quarters, while EBITDA and EBITDA After Lease showed a gradually upward trend throughout 2023.

Going into further detail, in the Consumer division, the growing number of customers subject to repricing yielded considerable extra revenue in a country where prices are still among the lowest in Europe, without resulting in a higher churn rate. In the final quarter of 2023, average revenue per fixed network and mobile customer grew by 5.2% and 2.9%, respectively. For six consecutive quarters, we have not only maintained but also strengthened our market leadership in the share of new FTTH line activations.

At TIM Enterprise, service revenues grew by 5.1% in 2023, beating the market average for the second consecutive year. We continue to rebalance our offering, increasingly shifting focus from connectivity to more value-added and personalised services – such as cloud computing, IT, and cyber security services – thereby reducing customer turnover rates. We continue to win government contracts under the *Polo Strategico Nazionale* at a rate exceeding expectations.

Infrastructure and network development recorded a total revenue increase of 3.7%. TIM's fixed network lines (more than two-thirds FTTx) account for 77% of the overall market.

In terms of FTTH coverage of the Italian territory, by the end of 2023, 9.2 million technical property units (UIT) had been reached, equal to 38% of the national total. At the same time, public contracts under the National Recovery and Resilience Plan (NRRP) are continuing on schedule, with around €750 million in advance payments already received.

Lastly, the Brazilian business ended 2023 with outstanding results – aided by pronounced growth in the country's economy – with revenue up more than 10% and EBITDA rising almost 15%. The above-forecast results were driven in part by consolidation in the sector, in which TIM Brasil played a leading role. In April 2023, TIM S.A. acquired Cozani, the special-purpose vehicle wholly-owned by the TIM Brasil Group that had previously been used to acquire OI's mobile network assets. Projected growth remains solid for the next three years (2024-2026), both in terms of revenues (5-6% CAGR) and EBITDA (6-8% CAGR). TIM Brasil will remain really important for the Group, offsetting the lower cash generation in Italy due both to macroeconomic reasons and higher competition in the market.

The Group’s cost-reduction target for 2023 of €800 million was achieved, as set out in the transformation plan for 2023-25.

To go further, TIM will need to reduce its debt and overcome regulatory constraints. The investment fund KKR expressed its intention to buy TIM's fixed network and eventually offered a price and contractual terms that make it possible (among other things) for TIM to repay a large part of its debt. The transaction will see TIM’s debt fall to less than 2 times EBITDA AL – the average among leading European peers.

Hence the decision of our Board of Directors on November 5, as mentioned above.

In the days immediately after the presentation of our Business Plan for the three-year period 2024-2026, our share price fell on stock markets due to debt and cash generation estimates that were below expectations. However, almost all investors and analysts agree that the sale of the fixed access network is the only viable option to put TIM back on a robust and lasting growth trajectory. We, too, are convinced of this.

The real challenge has yet to begin. Now we must roll up our sleeves and work hard to bring the plan we presented to life, to make it real and sustainable. By doing so, we can progressively rebuild the market's confidence and that of all stakeholders through tangible actions and results. The road before us remains clearly marked and straight ahead.

Salvatore Rossi

Pietro Labriola

ANNUAL REPORT 2023

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

BOARD OF DIRECTORS

The composition of the Board of Directors of TIM S.p.A. is as follows:

Chairman	Salvatore Rossi (independent)
Chief Executive Officer and General Manager	Pietro Labriola
Directors	Paolo Boccardelli (independent)
	Paola Bonomo (independent)
	Paola Camagni (independent)
	Maurizio Carli (independent)
	Cristiana Falcone (independent)
	Federico Ferro Luzzi (independent)
	Giulio Gallazzi (independent)
	Giovanni Gorno Tempini
	Marella Moretti (independent)
	Alessandro Pansa
	Ilaria Romagnoli (independent)
	Paola Sapienza (Lead Independent Director)
	Massimo Sarmi
Secretary to the Board	Agostino Nuzzolo

BOARD OF STATUTORY AUDITORS

Chairman	Francesco Fallacara
Standing Auditors	Angelo Rocco Bonissoni
	Francesca di Donato
	Anna Doro
	Massimo Gambini
Alternate Auditors	Ilaria Antonella Belluco
	Laura Fiordelisi
	Franco Maurizio Lagro
	Paolo Prandi

Independent Auditors	EY S.p.A.

REPORT ON OPERATIONS

TIM GROUP 2023

KEY OPERATING AND FINANCIAL DATA

Revenues

16,296 millions of euros

EBITDA	EBITDA MARGIN	EBITDA ADJUSTED AFTER LEASE
5,710 millions of euros	39.2% organic excluding non recurrent	5,304 millions of euros

ADJUSTED NET FINANCIAL DEBT

25,656 millions of euros

ADJUSTED NET FINANCIAL DEBT AFTER LEASE

20,349 millions of euros

CAPITAL EXPENDITURES

3,982 millions of euros

HEADCOUNT ITALY	HEADCOUNT OUTSIDE ITALY
37,670 numbers	9,510 numbers

HEADCOUNT AT YEAR END

47,180 numbers

KEY OPERATING AND FINANCIAL DATA - TIM GROUP

Consolidated operating and financial data

(million euros)		2023	2022	2021	2020	2019
Revenues		16,296	15,788	15,316	15,805	17,974
EBITDA	(1)	5,710	5,347	5,080	6,739	8,151
EBIT before goodwill impairment loss		836	606	591	2,104	3,175
Goodwill impairment loss		—	—	(4,120)	—	—
EBIT	(1)	836	606	(3,529)	2,104	3,175
Profit (loss) before tax from continuing operations		(880)	(588)	(4,515)	1,397	1,739
Profit (loss) from continuing operations		(1,107)	(2,654)	(8,400)	7,352	1,226
Profit (loss) from Discontinued operations/Non-current assets held for sale		—	—	—	—	16
Profit (loss) for the year		(1,107)	(2,654)	(8,400)	7,352	1,242
Profit (loss) for the year attributable to owners of the Parent		(1,441)	(2,925)	(8,652)	7,224	916
Capital Expenditures & spectrum		3,982	4,077	4,630	3,409	3,784

Consolidated financial position data

(million euros)		12.31.2023	12.31.2022	12.31.2021	12.31.2020	12.31.2019
Total Assets		62,159	62,027	69,187	73,234	70,104
Total Equity		17,513	18,725	22,039	28,840	22,626
- attributable to owners of the Parent		13,646	15,061	17,414	26,215	20,280
- attributable to non-controlling interests		3,867	3,664	4,625	2,625	2,346
Total Liabilities		44,646	43,302	47,148	44,394	47,478
Total Equity and Liabilities		62,159	62,027	69,187	73,234	70,104
Share capital		11,620	11,614	11,614	11,588	11,587
Net financial debt carrying amount	(1)	25,776	25,370	22,416	23,714	28,246
Adjusted Net Financial Debt	(1)	25,656	25,364	22,187	23,326	27,668
Adjusted net invested capital	(2)	43,169	44,089	44,226	52,166	50,294
Debt ratio (Adjusted net financial debt/Adjusted net invested capital)		59.4%	57.5%	50.2%	44.7%	55.0%

Consolidated profit ratios

		2023	2022	2021	2020	2019
EBITDA / Revenues	(1)	35.0%	33.9%	33.2%	42.6%	45.3%
EBIT / Revenues (ROS)	(1)	5.1%	3.8%	(23.0%)	13.3%	17.7%
Adjusted net financial debt/EBITDA	(1)	4.5	4.7	4.4	3.5	3.4

(1) Details are provided under "Alternative Performance Measures".
(2) Adjusted net invested capital = Total equity + Adjusted net financial debt.

Headcount, number in the Group at year end [(1)]

(number)	12.31.2023	12.31.2022	12.31.2021	12.31.2020	12.31.2019
Headcount (excluding headcount relating to Discontinued operations/Non-current assets held for sale)	47,180	50,392	51,929	52,347	55,198
Headcount relating to Discontinued operations/Non-current assets held for sale	—	—	—	—	—

Headcount, average number in the Group [1]

(equivalent number)	2023	2022	2021	2020	2019
Headcount (excluding headcount relating to Discontinued operations/Non-current assets held for sale)	43,145	45,912	47,942	49,099	51,917
Headcount relating to Discontinued operations/Non-current assets held for sale	—	—	—	—	—

Financial performance measures

TIM S.p.A.

(euros)		2023	2022	2021
Share prices (December average)				
- Ordinary		0.28	0.21	0.45
- Savings shares		0.28	0.20	0.42
Dividends per share	(2)			
- Ordinary		—	—	—
- Savings shares		—	—	—
Pay Out Ratio	(2) (*)	—	—	—
Market capitalization (in million euros)		5,934	4,465	9,387
Market to Book Value	(**)	0.45	0.31	0.57
Dividend Yield (based on December average)	(2) (***)			
- Ordinary		—	—	—
- Savings shares		—	—	—

TIM Group

(euros)	2023	2022	2021
Basic earnings per share - ordinary shares	(0.07)	(0.14)	(0.40)
Basic earnings per share – savings shares	(0.07)	(0.14)	(0.40)
Diluted earnings per share - ordinary shares	(0.07)	(0.14)	(0.40)
Diluted earnings per share – savings shares	(0.07)	(0.14)	(0.40)

(1) Includes agency contract workers.

(2) For the year 2023, the ratio was calculated on the basis of the proposed resolutions submitted to the Shareholders' Meeting of April 23, 2024. For all periods, the reference index was assumed to be the Parent's Earnings, calculated by excluding non-recurring items (as detailed in the Note "Significant non-recurring events and transactions" in the Separate Financial Statements of TIM S.p.A. at December 31, 2023).

(*) Dividends paid in the following year/Profit for the year.

(**) Capitalization/Equity of TIM S.p.A..

(***) Dividends per share/Share prices.

Highlights

The fourth quarter of 2023 results, which confirmed the improved trend of the domestic business and the strong growth of TIM Brasil, allowed to reach or overcome the targets set for the 2023 financial year, meeting, for the first time since 2010, all guidance for the second consecutive financial year.

More specifically, in the fourth quarter of 2022, **Group total revenues** grew by 1.9% YoY to 4.3 billion euros, while **Group service revenues** increased by 3% YoY to 4 billion euros thanks to the positive contribution of TIM Brasil (+8.2% YoY) and of the Domestic business (+1.2% YoY), which **has returned to grow after 22 quarters.**

Group EBITDA growth trend continued, rising by 6.8% YoY to 1.6 billion euros in the fourth quarter, with the Domestic business growing for the third consecutive quarter (+5.5% YoY) and TIM Brasil confirming its solid track record (+9.5% YoY).

Group EBITDA After Lease increased by 9.4% YoY to 1.3 billion euros, with the Domestic business growing 5.3% YoY and TIM Brasil increasing 18.2% YoY.

During the quarter, **cost containment actions** to increase the level of TIM Domestic's structural efficiency also continued ("Transformation Plan", cumulative target of cash cost reduction of 1.5 billion euros by 2024 versus the inertial trend), reaching 106% of the incremental target of 800 million euros at the end of 2023.The cumulative reduction in the two-year period 2022-2023 was approximately 1.1 billion euros.

Capex stood at 4 billion euros at the Group level, of which 3.1 billion euros relating to the domestic business.

Equity Free Cash Flow after lease in the twelve months was essentially neutral, while Equity Free Cash Flow was positive for 0.8 billion euros, partially thanks to the advances received under the National Recovery and Resilience Plan (NRRP).

Net financial debt after lease at December 31, 2023, stood at 20.3 billion euros, up 0.3 billion euros compared to December 31, 2022, and down 835 million euros on the previous quarter. **Adjusted Net financial debt** was 25.7 billion euros, up 0.3 billion euros on December 31, 2022.

The **liquidity margin** is approximately 9.2 billion euros (including NRRP advances in the process of being credited as of December 31, 2023 amounting to approximately 0.5 billion euros), and covers debt maturities until 2025. To support its liquidity position, the Group successfully closed several refinancing initiatives in 2023, raising 4 billion euros.

As regards to the progress of activities related to the National Recovery and Resilience Plan (NRRP) tenders, TIM confirmed the acceleration of network deployments to cover the Italia 1 Giga Plan, with around 255 thousand houses FTTH-connected, equal to 76% of the entire 2023 target to be connected, where 4 lots out of the 7 assigned have exceeded 100% of the target set for the year. On the remaining 3 lots TIM deployed a series of actions aimed at realigning to the tender plans, with no risk of a reduction in contributions. With regard to the 5G Backhauling Plan, about 3,600 sites were connected, equal to 106% of the target, and a further acceleration is expected in the coming months. On the 5G Densification Plan, the annual target was exceeded, with more than 150 areas covered and a result equal to 109% of the target.

Financial highlights

(million euros) - reported data		4th Quarter 2023 (a)	4th Quarter 2022 (b)	% Change (a-b)	2023 (c)	2022 (d)	% Change (c-d)
Revenues		4,343	4,259	2.0	16,296	15,788	3.2
EBITDA	(1)	1,493	1,402	6.5	5,710	5,347	6.8
EBITDA Margin	(1)	*34.4%*	*32.9%*	*1.5pp*	*35.0%*	*33.9%*	*1.1pp*
EBIT	(1)	268	168	59.5	836	606	38.0
EBIT Margin	(1)	*6.2%*	*3.9%*	*2.3pp*	*5.1%*	*3.8%*	*1.3pp*
Profit (loss) for the period attributable to owners of the Parent		(317)	(197)	(60.9)	(1,441)	(2,925)	50.7
Capital Expenditures & spectrum		1,337	1,315	1.7	3,982	4,077	(2.3)
					12.31.2023 (a)	12.31.2022 (b)	Change Amount (a-b)
Adjusted Net Financial Debt	(1)				25,656	25,364	292

(1) Details are provided under "Alternative Performance Measures".

Organic results (1)

(million euros) - organic data	4th Quarter 2023 (a)	4th Quarter 2022 (b)	% Change (a-b)	2023 (c)	2022 (d)	% Change (c-d)
TOTAL REVENUES	4,343	4,263	1.9	16,296	15,804	3.1
Domestic	3,177	3,181	(0.1)	11,922	11,851	0.6
Brazil	1,176	1,091	7.7	4,412	3,986	10.7
Other operations, adjustments and eliminations	(10)	(9)	—	(38)	(33)	—
SERVICE REVENUES	3,971	3,854	3.0	14,953	14,615	2.3
Domestic	2,851	2,818	1.2	10,721	10,792	(0.7)
of which Fixed	*2,241*	*2,176*	*3.0*	*8,313*	*8,269*	*0.5*
of which Mobile	*741*	*779*	*(4.9)*	*2,942*	*3,060*	*(3.9)*
Brazil	1,131	1,045	8.2	4,271	3,856	10.8
Other operations, adjustments and eliminations	(11)	(9)	—	(39)	(33)	—
EBITDA	1,596	1,495	6.8	6,383	6,039	5.7
Domestic	1,012	959	5.5	4,242	4,173	1.7
Brazil	587	536	9.5	2,149	1,874	14.7
Other operations, adjustments and eliminations	(3)	—	—	(8)	(8)	—
EBITDA After Lease	1,327	1,213	9.4	5,304	5,001	6.1
Domestic	872	828	5.3	3,707	3,661	1.3
Brazil	458	385	18.2	1,605	1,348	18.8
Other operations, adjustments and eliminations	(3)	—	—	(8)	(8)	—
CAPEX (net of telecommunications licenses)	1,337	1,299	2.9	3,982	3,985	(0.1)
Domestic	1,095	1,059	3.4	3,148	3,127	0.7
Brazil	242	240	1.3	834	858	(2.7)

(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	4th Quarter 2023 (a)	4th Quarter 2022 (b)	% Change (a-b)	2023 (c)	2022 (d)	% Change (c-d)
Equity Free Cash Flow	1,001	363	—	763	624	22.3
Equity Free Cash Flow After Lease	843	209	—	(64)	(26)	—
Adjusted Net Financial Debt (2)				25,656	25,364	1.2
Net Financial Debt After Lease(2)				20,349	20,015	1.7

(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.

Non-recurring events

In the years 2023 and 2022, the TIM Group recognized **non-recurring net operating expenses** connected to events and transactions that by their nature do not occur on an ongoing basis in the normal course of operations and which have been shown because their amount is significant. Non-recurring charges include, among others, any goodwill impairment changes, charges associated with corporate reorganization/restructuring, provisions for regulatory disputes and potential liabilities related to them, liabilities with customers and/or suppliers, provisions for onerous contracts and prior-year adjustments.

In detail:

(million euros)	2023	2022
Non-recurring expenses (income)		
Other income		
Recovery of operating expenses	11	(23)
Acquisition of goods and services and Change in inventories		
Expenses related to agreements and the development of non-recurring projects and other charges	44	56
Employee benefits expenses		
Charges connected to corporate reorganization/restructuring and other costs	484	572
Other operating expenses		
Sundry expenses and provisions	134	77
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**673**	**682**
Net losses on disposals of non-current assets:	3	—
Impact on Operating profit (loss) (EBIT)	**676**	**682**

Specifically, non-recurring events for the year 2023 included:

- 484 million euros for employee benefit expenses (572 million euros in the 2022 financial year) also connected to the application of the Art. 4 of Law June 28, 2012 no. 92, as per the agreements signed with the trade unions by Domestic Business Unit companies;
- 189 million euros (110 million euros in 2022) for charges mainly connected to disputes, regulatory sanctions and potential liabilities related to them, the update of the contractual risk provision for onerous contracts (IAS 37) relating to a existing multi-year relationship as well as agreements and the development of non-recurring projects and the recovery of operating costs;
- 3 million euros relating to net capital losses from the sale of non-current assets.

The Group's ESG performance

In line with the ESG targets set in the 2023-2025 Business Plan during 2023, ESG activities concerned: reducing emissions, Italy's digital growth, employee engagement and development, strengthening governance.

REDUCTION OF EMISSIONS

The emission results are in line with the plan's roadmap, which envisages reaching 100% renewable energy by 2025, carbon neutrality by 2030 and net zero by 2040.

The following activities contributed to these results:

ELECTRICITY

- The implementation of a new ***Power Purchase Agreement*** with a duration of 9 years for the supply of approximately 200 GWh/year of green energy for the period 2023-2031, which integrates the agreement already signed in 2021 for the supply of 340GWh/year for 10 years, for a total supply of **540GWh/a**.
- A new photovoltaic system in the Pisa power plant with Enel X, which from 2024 will generate over 1.6 GWh/year and will add to the **80 plants already in operation**.

CIRCULAR ECONOMY AND RESOURCE EFFICIENCY

- The launch of the "**ADSL scrapping program**" with the dual objective of spreading fibre and extending the useful life of modems. **More than 1,800 modems were recovered** thanks to a c. 120 euro bonus awarded to customers for their return.
- The regeneration of **more than 16,000** broken ***modems*** thanks to the working cooperation of inmates of the Turin Prison, contracted through the supplier TIM.
- **Online activation** of ***eSIMs*** **(*embedded SIMs*)** configurable **via digital identity** on smartphone.
- The donation by TIM and the Olivetti Foundation to FAI the complex of the Church and the former Convent of San Bernardino in Ivrea, which will be restored thanks to funding from the Ministry of Culture.
- As part of improving infrastructure efficiency, **95% of the public telephone booths out of a total fleet of 14,000 systems were decommissioned**. The cabins will mostly be disposed of as special waste for the recovery of manufacturing materials.
- **Obsolete landline and mobile telephony devices** were switched off, for a progressive saving of **145 GWh/year**.

SOCIAL - DIGITAL GROWTH

The results regarding Digital Growth are also in line with the Plan roadmap.

- Revenues from Cloud, IoT and Security services will grow by 10% by 2022; Digital Identity Services grew by 45% by 2022, contributed by the growth of Digital Signature in the Enterprise market and PEC in the Consumer market.
- **FTTH** coverage reached **38%** in line with the 2025 target.

The following activities contributed to these results:

- Telsy, a Group company focused on cybersecurity, acquired **TS-Way, an Italian company specialized in *cyber threat intelligence***, i.e. services for the prevention and analysis of cyber attacks.
- The first "made in Italy" microchip for cybersecurity was launched, which can be applied to all IT and communication systems that manage confidential information.
- The "**TIM Growth Platform**" was launched, the online platform for scouting and selecting innovative solutions, with two challenges launched in this area: the "**TIM Cybersecurity Made in Italy Challenge**" and the "**TIM AI Challenge**".
- The "Italia 1 Giga" fibre plan was launched through FiberCop with the **cabling of approximately 255 thousand homes in 463 municipalities**.
- **Sparkle's terrestrial and underwater optical network innovation** plan was launched with new technologies at speeds of up to 800G in Europe, the Middle East and South America.

SOCIAL – PEOPLE

The results of the TIM's people engagement and development were also in line with the Plan roadmap.

GENDER EQUALITY AND INCLUSION

- At the end of 2023, the "women in leadership positions" Group-level target combatting the gender gap reached **30%**, exceeding the target set for 2025 (29%).
- The **Certification for Gender Equality** (UNI/PdR 125:2022) was achieved, which certifies the implementation of a management system that fills existing gaps through practical actions and KPIs. This certification also provided for the establishment of a Gender Equality Steering Committee.
- The **Women Plus** app was launched to support women in the workplace through training, mentoring and matching their skills with jobs available on the market.

- The **more than 200 TIM Stores** (direct sales) have become “**Punti Viola**”, i.e. “safe places” for women who are victims or witnesses of harassment or violence, thanks to the cooperation with the non-profit association “Donne x Strada”, which has provided ad hoc training for TIM employees.
- In December, the **#LaParitàNonPuòAspettare** awareness campaign was launched in print, web, social and TV to create awareness about the gender gap and encourage overcoming stereotypes and obstacles to achieving equality.
- This year too, the "***4 Weeks 4 Inclusion***" took place, the marathon of events created by TIM, and created in collaboration with **400 *partners***, to spread the values of diversity and inclusion, with a webinar and live events producing 25,000 social media interactions and 4 million views.

TRAINING AND ENGAGEMENT

- The percentage of “people trained on ESG skills” reached **95%**, exceeding the target anticipated for 2025 (90%). The target for the engagement of young people was also in line with the target set for 2025, recording a satisfaction level of 77%.

GOVERNANCE

- The **Group’s new Code of Ethics** was approved, recognizing sustainability as a reference point for TIM’s long-term strategy.
- 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.
- The **ESG reporting system** has been strengthened by including tracking of sustainability data relating to targets and projects, in addition to non-financial reporting.

ESG INDICES AND RATINGS

- The Group entered the **CDP A-List** as a leader in corporate transparency and climate change performance.
- TIM in Italy consolidated its place on the Dow Jones Sustainability Europe Index and among the S&P Global Sustainability leaders as the only Italian company in the telco sector. The Group is also included in the Top 10% ESG Score of the S&P Global Sustainability Yearbook 2024.
- TIM in Italy obtained the **Ecovadis Platinum Medal** as part of the top 1% of companies for ESG performance in terms of work, human rights, environment, ethics and supply chain.
- The Group was confirmed by the **Refinitiv Diversity and Inclusion Index** as a world leader in the telco sector for diversity and inclusion policies.
- TIM in Italy was awarded by the **Parks LGBT+ Diversity Index** as the best company for LGBT+ inclusion.
- TIM won the Diversity Brand Award 2024 for its commitment to Diversity & Inclusion.

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, from 2022, the TIM Group has instituted a Technical Committee to supervise complex contracts (the “Technical Committee").

The Technical Committee has 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);
- an update to the policy governing the formalisation process of contracts within the Group by providing for a clear identification and formalisation of the rationale underlying the decision-making process for awarding complex contracts, as well as the related escalation mechanisms, thus strengthening the process of identifying and reconstructing the sources, information elements and controls performed.

Starting from the 2021 financial year, some multi-year contracts for the offer of multimedia content and a connectivity agreement have shown a negative overall margin throughout the entire contractual duration, with the need to make provisions for the registration of a Risk Fund contractual for onerous contracts for the residual duration periods of the agreements. The residual value of the Risk Provision and the forecasts of the overall contractual margin are periodically reviewed, in order to confirm or update the initial estimates and the residual amount of the Provision itself.

The use of the Provision for contractual risks 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 December 31, 2023 came to 177 million euros.

Below are:

- the amount used in 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.

	TIM Group		Domestic Business Unit	
(million euros)	2023	2022	2023	2022
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	6,383	6,039	4,242	4,173
- Use of the risk provision for onerous contracts to cover the negative margin	(98)	(346)	(98)	(346)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	6,285	5,693	4,144	3,827

The amount of 98 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.

Introduction

The TIM Group and TIM S.p.A. Consolidated Financial Statements for the year 2023 and the comparative figures for the previous year have been prepared in compliance with IFRS issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS").

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements and the TIM S.p.A. Separate Financial Statements at December 31, 2022, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2023.

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 section on "Alternative performance measures" and the analytical detail of the amounts of the reclassifications introduced and of the methods for determining indicators is provided.

Lastly, the section entitled "Business Outlook for the year 2024" 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 Annual Financial Report 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 "Main risks and uncertainties" section 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 that occurred in **2023** were the following:

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

Furthermore, in November 2023 the TIM Group, through Olivetti S.p.A., sold the Olivetti business unit dedicated to cash systems for the retail sector to Buffetti (Dylog group).

During **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 SA acquired 100% of the company's share capital. The business unit relating to part of the mobile telephony activities, rights and obligations of Oi Móvel - Em Recuperação Judicial was merged into Cozani. The incorporation of the company into TIM SA is effective from 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. During 2022 Movenda S.p.A. was merged by incorporation into TIM S.p.A. with accounting and tax effects starting from July 1, 2022;
- *Daphne 3 S.p.A. (Domestic Business Unit):* on August 4, 2022 TIM S.p.A. sold 41% of the share capital of the Daphne 3 holding company. The company holds a 29.9% stake in Infrastrutture Wireless Italiane ("INWIT").

Furthermore, on August 4, 2022 the company Polo Strategico Nazionale S.p.A. was established, of which TIM S.p.A. holds 45% of the share capital. 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.

CONSOLIDATED OPERATING PERFORMANCE

Revenues

Total TIM Group revenues for the year 2023, amounted to **16,296 million euros**, +3.2% compared to 2022 (15,788 million euros).

The breakdown of total revenues for the year 2023 by operating segment in comparison with 2022 is as follows:

(million euros)	2023		2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	11,922	73.2	11,858	75.1	64	0.5	0.6
Brazil	4,412	27.1	3,963	25.1	449	11.3	10.7
Other Operations	—	—	—	—	—		
Adjustments and eliminations	*(38)*	*(0.3)*	*(33)*	*(0.2)*	*(5)*		
Consolidated Total	**16,296**	**100.0**	**15,788**	**100.0**	**508**	**3.2**	**3.1**

The organic change in consolidated Group revenues is calculated by excluding the effect of changes in exchange rates[1] (+ 16 million euros) and changes in the scope of consolidation.

Revenues for the fourth quarter of 2023 totaled 4,343 million euros (4,259 million euros in the fourth quarter of 2022).

EBITDA

TIM Group EBITDA for the year 2023 came to **5,710 million euros** (5,347 million euros in the year 2022, +6.8% in reported terms; +5.7% in organic terms).

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

(million euros)	2023		2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	3,577	62.6	3,519	65.8	58	1.6	1.7
% of Revenues	*30.0*		*29.7*			*0.3 pp*	*0.4 pp*
Brazil	2,141	37.5	1,839	34.4	302	16.4	14.7
% of Revenues	*48.5*		*46.4*			*2.1 pp*	*1.7 pp*
Other Operations	(8)	(0.1)	(12)	(0.2)	4		
Adjustments and eliminations	—	—	*1*	—	*(1)*		
Consolidated Total	**5,710**	**100.0**	**5,347**	**100.0**	**363**	**6.8**	**5.7**

Organic EBITDA - net of the non-recurring items amounted to **6,383 million euros**; the EBITDA margin was 39.2% (6,039 million euros in 2022, with an EBITDA margin of 38.2%).

EBITDA for the 2023 financial year includes net non-recurring charges totaling 673 million euros (682 million euros in the 2022 financial year).

For further details, in addition to that reported in the “Non-recurring events” chapter of this report on operations, see the Note "Significant non-recurring events and transactions" in the Consolidated Financial Statements as at December 31, 2023 of the TIM Group.

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

(million euros)	2023	2022	Changes	
			absolute	%
EBITDA	**5,710**	**5,347**	**363**	**6.8**
Foreign currency financial statements translation effect		10	(10)	
Non-recurring expenses (income)	673	682	(9)	
ORGANIC EBITDA - excluding non-recurring items	**6,383**	**6,039**	**344**	**5.7**
% of Revenues	*39.2*	*38.2*	*1.0pp*	

[1]The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.40158 in 2023 and 5.43993 in 2022 for the Brazilian real. For the US dollar, the average exchange rates used were 1.08157 in 2023 and 1.05335 in 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.

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Organic EBITDA - excluding the use of the risk provision to cover onerous contracts - in 2023 is equal to 6,285 million euros (5,693 million euros in 2022).

The EBITDA of the fourth quarter of 2023 totaled 1,493 million euros (1,402 million euros in the fourth quarter of 2022).

Organic EBITDA net of the non-recurring items in the fourth quarter of 2023 totaled 1,596 million euros (1,495 million euros in the fourth quarter of 2022).

EBITDA was particularly impacted by the change in the line items analyzed below:

- **Acquisition of goods and services (7,518 million euros; 7,239 million euros in 2022):**

(million euros)	2023	2022	Change
Acquisition of goods	1,158	1,164	(6)
Revenues due to other TLC operators and costs for telecommunications network access services	1,295	1,335	(40)
Commercial and advertising costs	1,690	1,498	192
Professional and consulting services	229	311	(82)
Power, maintenance and outsourced services	1,476	1,431	45
Lease and rental costs	935	798	137
Other	735	702	33
Total acquisition of goods and services	**7,518**	**7,239**	**279**
% of Revenues	*46.1*	*45.9*	*0.2pp*

The increase is mainly attributable to the Domestic Business Unit (+165 million euros) and the Brazil Business Unit (+125 million euros, including a positive exchange effect of 9 million euros).

- **Employee benefits expenses (2,987 million euros; 3,180 million euros in 2022):**

(million euros)	2023	2022	Change
Employee benefits expenses - Italy	**2,624**	**2,842**	**(218)**
Ordinary employee expenses and costs	2,142	2,272	(130)
Restructuring and other expenses	482	570	(88)
Employee benefits expenses – Outside Italy	**363**	**338**	**25**
Ordinary employee expenses and costs	361	336	25
Restructuring and other expenses	2	2	—
Total employee benefits expenses	**2,987**	**3,180**	**(193)**
% of Revenues	*18.3*	*20.1*	*(1.8)pp*

The decrease of 193 million euros was mainly driven by:

- to the reduction of 130 million euros in the Italian component of ordinary employee expenses mainly due to the saving resulting from the reduction in the average salaried workforce, equal to a total of -2,883 average, of which -625 average related to the application of the "Expansion Contract" which entails a reduction of working hours of staff on the workforce;
- to the decrease of 88 million euros in the item "Restructuring costs and other expenses" of the Italian component. In 2023, costs totalling €482 million were incurred, mainly related to personnel exits on the basis of the application of Article 4 of Law No. 92 of June 28, 2012, as per the agreements signed with the trade unions by Italian companies of the Domestic Business Unit.

  In 2022, charges totaling 570 million euros had been set aside mainly for provisions and charges related to the departures of managerial and non-managerial personnel, also foreseen based on the application of the Art. 4 of Law June 28, 2012, no. 92 and former Art. 41, paragraph 5bis, Legislative Decree no. 148/2015, as per agreements signed, in the period June-September 2022 with the trade unions. and refer entirely to some Italian companies of the Domestic Business Unit.
- the greater cost of 25 million euros in the foreign component mainly related to the impact of turnover, the exchange rate change and the local salary dynamics of the Brazil Business Unit.

- **Other income (206 million euros; 213 million euros in 2022):**

(million euros)	2023	2022	Change
Late payment fees charged for telephone services	37	39	(2)
Recovery of employee benefit expenses, purchases and services rendered	17	13	4
Capital and operating grants	44	38	6
Damages, penalties and recoveries connected with litigation	38	37	1
Estimate revisions and other adjustments	51	68	(17)
Special training income	5	1	4
Other	14	17	(3)
Total	**206**	**213**	**(7)**

- **Other operating expenses (872 million euros; 816 million euros in 2022):**

(million euros)	2023	2022	Change
Write-downs and expenses in connection with credit management	233	236	(3)
Provision charges	88	129	(41)
TLC operating fees and charges	241	243	(2)
Indirect duties and taxes	109	104	5
Penalties, settlement compensation and administrative fines	32	25	7
Subscription dues and fees, donations, scholarships and traineeships	12	13	(1)
Sundry expenses	157	66	91
Total	**872**	**816**	**56**

Other operating expenses for the 2023 financial year increased by 56 million euros, in particular the change in Other expenses was mainly related to regulatory sanctions.

Depreciation and amortization

In 2023 the item amounts to 4,863 million euros (4,777 million euros in 2022) and breaks down as follows:

(million euros)	2023	2022	Change
Amortization of intangible assets with a finite useful life	1,540	1,517	23
Depreciation of tangible assets	2,361	2,348	13
Amortization of rights of use assets	962	912	50
Total	**4,863**	**4,777**	**86**

The increase of 86 million euros is attributable for 59 million euros to the Brazil Business Unit and for 27 million euros to the Domestic Business Unit.

Net impairment losses on non-current assets

Net impairment losses on non-current assets were nil in both 2023 and 2022.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on an annual basis, when preparing the company's separate and consolidated financial statements.

In preparing the Annual Report for 2023, the TIM Group carried out an impairment test on goodwill. The results of that testing, carried out in accordance with the specific procedure adopted by the Group, confirmed the amounts of Goodwill allocated to the Group's individual Cash Generating Units.

Further details are provided in the Note "Goodwill" to the Consolidated Financial Statements at December 31, 2023 of the TIM Group.

EBIT

TIM Group EBIT for 2023 came to **836 million euros** (606 million euros in 2022).

Organic EBIT, net of the non-recurring items, amounted to 1,512 million euros (1,294 million euros in 2022), with an EBIT margin of 9.3% (8.2% in 2022).

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

(million euros)	2023	2022	Changes	
			absolute	%
EBIT	**836**	**606**	**230**	**38.0**
Foreign currency financial statements translation effect		6	(6)	
Non-recurring expenses (income)	676	682	(6)	
ORGANIC EBIT - excluding non-recurring items	**1,512**	**1,294**	**218**	**16.8**

The EBIT of the fourth quarter of 2023 totalled 268 million euros (168 million euros in the fourth quarter of 2022).

Organic EBIT net of the non-recurring items in the fourth quarter of 2023 totalled 373 million euros (258 million euros in the fourth quarter of 2022).

Other income (expenses) from investments

The balance for the 2023 financial year mainly includes the income connected to the definition, in October 2023, of the Adjusted Closing Price relating to the acquisition by the Brazilian subsidiary TIM SA of part of the Oi group's mobile telephony assets (56 million euros). More in detail, on October 4, 2023, TIM S.A. 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 of the proceeds, 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.

In financial year 2022 the balance mainly included the net capital gain connected to the sale of 41% of the share capital of the Daphne 3 holding company, which currently holds a 29.9% stake in Infrastrutture Wireless Italiane - INWIT (171 million euros) as well as the capital gain net connected to the sale of the stake in Satispay (33 million euros).

Finance income (expenses), net

Finance income (expenses) showed a net expense of 1,740 million euros (negative for 1,423 million euros in 2022). The increase is essentially attributable to the dynamics of interest rates and the greater debt exposure.

Income tax expense

In 2023 financial year, the income taxes item amounted to 227 million euros (2,066 million euros in the 2022 financial year) and mainly refers to FiberCop SpA and the Brazil Business Unit which recorded a positive pre-tax result.

In the 2023 financial statements, TIM SpA did not recognize deferred tax assets for tax losses for the year and previous years, in consideration of the assessment regarding the temporal distribution of the recoverability of the company's deferred tax assets.

In 2022 the item mainly reflected the impact, equal to 1,964 million euros, deriving from the exercise by the Parent Company TIM S.p.A. of the option to revoke the goodwill realignment.

Profit (loss) for the year

This item breaks down as follows:

(million euros)	2023	2022
Profit (loss) for the year	**(1,107)**	**(2,654)**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	(1,441)	(2,925)
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—
Profit (loss) for the year attributable to owners of the Parent	**(1,441)**	**(2,925)**
Non-controlling interests:		
Profit (loss) from continuing operations	334	271
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—
Profit (loss) for the year attributable to Non-controlling interests	**334**	**271**

The **Net loss attributable to Owners of the Parent** for 2023, was 1,441 million euros (-2,925 million euros in 2022), suffering the negative impact of net non-recurring expenses for 680 million euros (2,431 million euros in 2022).

For more details on non-recurring items, see the Note "Non-recurring events and transactions" in the Consolidated Financial Statements as at December 31, 2023 of the TIM Group.

BUSINESS UNIT 2023

KEY OPERATING AND FINANCIAL DATA

Domestic

REVENUES	EBITDA MARGIN
11,922 millions of euros	35.6% organic excluding non recurrent

EBITDA	EBITDA ADJUSTED AFTER LEASE
3,577 millions of euros	3,707 millions of euros

FIXED

TIM RETAIL PHISICAL ACCESSES	TIM WHOLESALE PHISICAL ACCESSES	ACTIVE BROADBAND ACCESSES TIM
end of period 7,975 thousand	end of period 7,247 thousand	end of period 7,196 thousand

MOBILE

LINES	REPORTED ARPU
end of period 30,128 thousand	end of period 6,9 €/month

Brasile

REVENUES	EBITDA MARGIN	EBITDA
4,412 millions of euros	48.7% organic excluding non recurrent	2,141 millions of euros

EBITDA ADJUSTED AFTER LEASE	LINES
1,605 millions of euros	end of period 61,248 thousand

FINANCIAL AND OPERATING HIGHLIGHTS OF THE BUSINESS UNITS OF THE TIM GROUP

Domestic

(million euros)	2023	2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-recurring
Revenues	11,922	11,858	64	0.5	0.6
EBITDA	3,577	3,519	58	1.6	1.7
% of Revenues	*30.0*	*29.7*		*0.3pp*	*0.4pp*
EBIT	10	24	(14)	(58.3)	(0.1)
% of Revenues	*0.1*	*0.2*		*(0.1)pp*	*0.0pp*
Headcount at year end (number) (°)	37,901	40,984	(3,083)	(7.5)	

(°) Includes 31 agency contract workers at December 31, 2023 (15 at December 31, 2022).

(million euros)	4th Quarter 2023	4th Quarter 2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-recurring
Revenues	3,177	3,185	(8)	(0.3)	(0.1)
EBITDA	909	878	31	3.5	5.5
% of Revenues	*28.6*	*27.6*		*1.0pp*	*1.8pp*
EBIT	9	(16)	25	—	75.4
% of Revenues	*0.3*	*(0.5)*		*0.8pp*	*1.6 pp*

(million euros)	2023	2022
EBITDA	**3,577**	**3,519**
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	**4,242**	**4,173**
- Use of the risk provision for onerous contracts to cover the negative margin	(98)	(346)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	**4,144**	**3,827**

Fixed

	12.31.2023	12.31.2022	12.31.2021
Total TIM Retail accesses (thousands)	7,975	8,290	8,647
of which NGN (1)	*5,580*	*5,417*	*5,186*
Total TIM Wholesale accesses (thousands)	7,247	7,525	7,729
of which NGN	*5,280*	*5,171*	*4,819*
Active Broadband accesses of TIM Retail (thousands)	7,196	7,443	7,733
Consumer ARPU (€/month) (2)	28.1	28.3	30.1
Broadband ARPU (€/month) (3)	38.1	35.6	33.4

(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) Revenues from organic Broadband services in proportion to the average active TIM retail Broadband accesses.

Mobile

	12.31.2023	12.31.2022	12.31.2021
Lines at period end (thousands)	30,128	30,407	30,466
of which Human	*18,071*	*18,438*	*19,054*
Churn rate (%) [4]	12.8	13.3	14.7
Broadband users (thousands) [5]	12,592	12,577	12,783
Retail ARPU (€/month) [6]	6.9	7.1	7.5
Human ARPU (€/month) [7]	11.4	11.5	11.7

(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.

Revenues

Domestic Business Unit revenues amounted to 11,922 million euros, up 64 million euros compared to 2022 (+0.5%). In organic terms, they increased by 71 million euros (+0.6% on 2022).

Revenues from stand-alone services amounted to 10,721 million euros (-78 million euros compared to 2022, -0.7%) and reflect the impacts of the competitive context on the customer base as well as the effects deriving from the new marketing model which entailed, starting from the fourth quarter of 2022, the elimination of the so-called "activation fee"; in organic terms, they dropped by 71 million euros compared to 2022 (-0.7%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 8,313 million euros, up on 2022 (+0.5%) mainly due to growth in revenues from ICT solutions (+155 million on 2022, +9.9%) and Multimedia revenues, which were partially offset by the decrease in accesses and the negative change in the above-mentioned “activation fees”;
- **revenues from stand-alone Mobile market services** came to 2,942 million euros (-119 million euros on 2022, -3.9%), 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 to 1,201 million euros in 2023, an increase of 142 million euros compared to 2022, mainly due to the commercial agreement initiated by TIM and FiberCop with Open Fiber in 2022 for the so-called white areas (areas of low population density, where no private investment for ultrabroadband is anticipated) that were extended, starting from the third quarter of 2023, also to part of the grey areas (areas where the development of a single ultrabroadband network is anticipated). This agreement provides that Open Fiber purchases from FiberCop the right of use (IRU) for air infrastructure and access connections to the customer's home.

Revenues by customer segment/business area are shown consistently with the areas of responsibility and the relative focus of the reference market. Accordingly, the comparative figures for previous periods have been restated. The details of the revenues are therefore shown below, broken down into: Consumer and Small Medium Business, Enterprise, Wholesale National Market, Wholesale International Market, Other, complete with the analytical description of the reference perimeter, as currently represented for the purposes of internal analyses.

- **Consumer and Small Medium Business (SMB).** *The reference perimeter is made up of the set of telephone and internet services and products managed and developed in Fixed and Mobile for individuals and families (from public telephony, from caring activities and administrative management of customers) and for customers of SMEs (Small and Medium Enterprises) and SOHO (Small Office Home Office); it includes the company TIM Retail, which coordinates the activities of its stores.*

(million euros)	4th Quarter 2023	4th Quarter 2022	2023	2022	% Change			
	(a)	(b)	(c)	(d)	(a-b)/b	(c-d)/d	organic excluding non-recurring (a-b)/b	organic excluding non-recurring (c-d)/d
Consumer and Small Medium Business revenues	**1,418**	**1,464**	**5,629**	**5,913**	**(3.2)**	**(4.8)**	**(3.2)**	**(4.8)**
Service revenues	1,283	1,306	5,123	5,355	(1.8)	(4.3)	(1.8)	(4.3)
Handset and Bundle & Handset revenues	135	158	506	558	(14.5)	(9.2)	(14.5)	(9.2)

In organic terms, the revenues of the Consumer and SMB segment amounted to 5,629 million euros (-284 million euros compared to 2022, -4.8%) and present a trend that discounts the impact of the challenging competitive context. The trend seen in total revenues also applied to service revenues, which amounted to 5,123 million euros, down by 232 million euros compared to 2022 (-4.3%).

Furthermore:

- **revenues from stand-alone services in the Mobile market** amounted, in organic terms, to 2,169 million euros (-88 million euros, -3.9% compared to 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;
- **Revenues from stand-alone services in the fixed market** amounted, in organic terms, to 2,972 million euros, (-152 million euros,-4.9% compared to 2022), mainly due to the reduction in ARPU levels and the smaller customer base.

Handset and Bundle & Handset revenues of the Consumer and SMB segment amounted to 506 million euros, -52 million euros compared to 2022: the change is mainly connected to the progressive slowdown of the mobile terminal market.

- **Enterprise.** *The reference perimeter consists of the set of connectivity services and products and ICT solutions 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, the segment's revenues amounted to 3,088 million euros, up compared to 2022 by 120 million euros (+4.1%), of which +5.1% for the component of revenues from stand-alone services.

(million euros)	4th Quarter 2023	4th Quarter 2022	2023	2022	% Change			
	(a)	(b)	(c)	(d)	(a-b)/b	(c-d)/d	organic excluding non-recurring (a-b)/b	organic excluding non-recurring (c-d)/d
Enterprise revenues	**981**	**917**	**3,088**	**2,968**	**6.9**	**4.1**	**6.9**	**4.1**
Service revenues	866	792	2,772	2,638	9.3	5.1	9.3	5.1
Handset and Bundle & Handset revenues	115	125	316	330	(8.0)	(4.1)	(8.0)	(4.1)

In particular:

- **revenues from stand-alone services in the Mobile market** are stable compared to 2022 (+4 million euros);
- **revenues from stand-alone services in the Fixed market** showed a change of +129 million euros compared to the 2022 financial year (+5.8%), mainly due to the increase in revenues from ICT services.

- **Wholesale National Market.** *The segment 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 Telefonia Mobile Sammarinese.*

  The Wholesale National Market segment presents revenues of 2,014 million euros in 2023, an increase of 66 million euros compared to 2022 (+3.4%), thanks also to the positive impact of the dynamics of regulatory prices.

- **Wholesale International Market.** *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.*

  The revenues for 2023 of the Wholesale International Market segment amounted to 1,021 million euros, up compared to 2022 (+29 million euros, +2.9%), thanks mainly to the sales revenues for spectrum/fibre and the growth in revenues relating to solutions for mobile operators combined with a strategy 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 2023 amount to 392 million euros, an increase of 120 million euros compared to 2022. It should be noted that the revenues for 2023 include approximately 177 million euros relating to the aforementioned commercial agreement launched by TIM and FiberCop with Open Fiber, in 2022 for the so-called white areas and extended, starting from the third quarter of 2023, also to part of the grey areas.

- **Eliminations**: in 2023 they amounted to 222 million euros (235 million euros in 2022).

EBITDA

Domestic Business Unit EBITDA for 2023 totaled 3,577 million euros (+58 million euros compared to 2022, +1.6%), with an EBITDA margin of 30.0% (+0.3 percentage points compared to 2022).

Organic EBITDA, net of the non-recurring items, amounted to 4,242 million euros (+69 million euros compared to 2022, +1.7%). In particular, the EBITDA for 2023 includes non-recurring items of 665 million euros, while in the 2022 financial year it discounted an overall impact of 655 million euros of non-recurring items.

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

(million euros)	2023	2022	Changes	
			absolute	%
EBITDA	**3,577**	**3,519**	**58**	**1.6**
Foreign currency financial statements translation effect	—	(1)	1	—
Non-recurring expenses (Income)	665	655	10	1.5
ORGANIC EBITDA - excluding non-recurring items	**4,242**	**4,173**	**69**	**1.7**

Organic EBITDA - excluding the use of the risk provision to cover onerous contracts - in 2023 is equal to 4,144 million euros (3,827 million euros in 2022).

The EBITDA of the fourth quarter of 2023 totaled 909 million euros (878 million euros in the fourth quarter of 2022).

Organic EBITDA net of the non-recurring component of the fourth quarter of 2023 amounted to 1,012 million euros (+53 million euros compared to the fourth quarter of 2022).

In relation to the dynamics of the main items, it is highlighted that the same dynamics already commented on in the consolidated context influenced the main trends; in detail:

(million euros)	2023	2022	Change
Acquisition of goods and services	5,862	5,697	165
Employee benefits expenses	2,648	2,868	(220)
Other operating expenses	484	444	40

In particular:

- **Other income** amounted to 190 million euros with a decrease of 6 million euros compared to 2022:

(million euros)	2023	2022	Change
Late payment fees charged for telephone services	23	26	(3)
Recovery of employee benefit expenses, purchases and services rendered	17	13	4
Capital and operating grants	44	36	8
Damages, penalties and recoveries connected with litigation	38	37	1
Estimate revisions and other adjustments	53	68	(15)
Income for special training activities	5	1	4
Other income	10	15	(5)
Total	**190**	**196**	**(6)**

- **Acquisition of goods and services** amounted to 5,862 million euros with an increase of 165 million euros compared to 2022:

(million euros)	2023	2022	Change
Acquisition of goods	944	994	(50)
Revenues due to other TLC operators and interconnection costs	1,096	1,175	(79)
Commercial and advertising costs	1,181	1,031	150
Professional and consulting services	89	137	(48)
Power, maintenance and outsourced services	1,227	1,203	24
Lease and rental costs	666	531	135
Other	659	626	33
Total acquisition of goods and services	**5,862**	**5,697**	**165**
% of Revenues	*49.2*	*48.0*	*1.2*

- **Employee benefits expenses** amounted to 2,648 million euros, a decrease of 220 million euros compared to 2022. The same dynamics already described in the information given on the consolidated operating performance impacted this performance too.

- **Other operating costs** amounted to 484 million euros with an increase of 40 million euros compared to 2022:

(million euros)	2023	2022	Change
Write-downs and expenses in connection with credit	115	120	(5)
Provision charges	59	106	(47)
TLC operating fees and charges	45	44	1
Indirect duties and taxes	82	86	(4)
Penalties, settlement compensation and administrative fines	32	25	7
Subscription dues and fees, donations, scholarships and traineeships	10	11	(1)
Sundry expenses	141	52	89
Total	**484**	**444**	**40**

Other operating expenses for the 2023 financial year increased by 40 million euros, in particular the change in Other expenses was mainly related to regulatory sanctions.

The item includes a non-recurring component, equal to 134 million euros, mainly attributable to regulatory sanctions, provisions for onerous contracts and charges related to credit management.

The non-recurring component of 2022, equal to 78 million euros, mainly referred to disputes, settlements, charges for regulatory sanctions and charges related to agreements and the development of non-recurring projects.

EBIT

Domestic Business Unit EBIT in 2023 was equal to 10 million euros (-14 million euros compared to 2022), with an EBIT margin equal to 0.1% (-0.1 percentage points compared to 2022).

Organic EBIT, net of the non-recurring component, stands at 678 million euros (-1 million euros compared to 2022, -0.1%) with an incidence on revenues of 5.7% (in line compared to 2022).

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

(million euros)	2023	2022	Changes	
			absolute	%
EBIT	**10**	**24**	**(14)**	**(58.3)**
Non-recurring expenses (Income)	668	655	13	2.0
ORGANIC EBIT - excluding non-recurring items	**678**	**679**	**(1)**	**(0.1)**

EBIT for the fourth quarter of 2023 amounted to 9 million euros (-16 million euros in the fourth quarter of 2022).

Organic EBIT net of the non-recurring items in the fourth quarter of 2023 totaled 114 million euros (65 million euros in the fourth quarter of 2022).

Brazil

	(million euros)		(million Brazilian reais)		Changes		
	2023	2022	2023	2022	absolute	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	4,412	3,963	23,834	21,531	2,303	10.7	10.7
EBITDA	2,141	1,839	11,562	9,993	1,569	15.7	14.7
% of Revenues	*48.5*	*46.4*	*48.5*	*46.4*		*2.1pp*	*1.7pp*
EBIT	833	593	4,501	3,236	1,265	39.1	35.0
% of Revenues	*18.9*	*15.0*	*18.9*	*15.0*		*3.9pp*	*3.5pp*
Headcount at year end (number)			9,267	9,395	(128)	(1.4)	

The average exchange rates used for the translation into euro (expressed in terms of units of Real per 1 euro) were 5.40158 for 2023 and 5.43993 for 2022.

	(million euros)		(million Brazilian reais)		Changes		
	4th Quarter 2023	4th Quarter 2022	4th Quarter 2023	4th Quarter 2022	absolute	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	1,176	1,083	6,275	5,825	450	7.7	7.7
EBITDA	587	524	3,128	2,824	304	10.8	9.5
% of Revenues	*49.8*	*48.5*	*49.8*	*48.5*		*1.3 pp*	*0.8pp*
EBIT	261	184	1,399	994	405	40.7	36.2
% of Revenues	*22.3*	*17.1*	*22.3*	*17.1*		*5.2 pp*	*4.7pp*

	2023	2022
Lines at period end (thousands) (*)	61,248	62,485
Mobile ARPU (reais)	29.5	26.1
ARPU BroadBand (reais)	96.9	96.4

(*) Includes corporate lines.

The **Brazil Business Unit (TIM Brasil group)** offers mobile telephone services, data transmission and residential broadband services.

Revenues

Revenues for 2023 of the **Brazil Business Unit (TIM Brasil group)** amounted to 23,834 million reais (21,531 million reais in 2022, +10.7%).

The acceleration has been determined by **service revenues** (23,071 million reais vs 20,829 million reais in 2022, +10.8%) with mobile service revenues growing 11.2% on 2022. This performance is mainly attributable to the continued improvement of the pre-paid and post-paid segments supported by the acquisition of the mobile assets of Oi (Cozani). Revenues from landline telephone services grew by 4.6% compared to 2022, driven by Ultrafibra's pace of expansion.

Revenues from product sales totaled 763 million reais (702 million reais in 2022).

Revenues in the fourth quarter of 2023 totaled 6,275 million reais, increased by 7.7% on the fourth quarter of 2022 (5,825 million reais).

Mobile ARPU in financial year 2023 was 29.5 reais, +13.1% compared to 2022 (26.1 reais).

Total mobile lines at December 31, 2023 amounted to 61.2 million (62.5 million at December 31, 2022). The change is attributable for -1.6 million to the pre-paid segment and +0.4 million to the post-paid segment. Post-paid customers represented 45.1% of the customer base as of December 31, 2023 (43.6% at December 2022).

Ultrafibra's BroadBand activities recorded, as of December 31, 2023, a positive net growth in the customer base of 86.4 thousand units 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 2023 was 96.9 reais (96.4 reais in 2022).

EBITDA

EBITDA in 2023 was 11,562 million reais (9,993 million reais in 2022, +15.7%) and the margin on revenues amounted to 48.5% (46.4% in 2022).

EBITDA for 2023 includes non-recurring charges of 42 million reais (128 million reais in 2022) mainly connected to the development of non-recurring projects and corporate reorganization processes.

Organic EBITDA, net of the non-recurring items, increased by 14.7% and was calculated as follows:

(million Brazilian reais)	2023	2022	Changes	
			absolute	%
EBITDA	11,562	9,993	1,569	15.7
Non-recurring expenses (income)	42	128	(86)	
ORGANIC EBITDA - excluding non-recurring items	11,604	10,121	1,483	14.7

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

The relative margin on revenues, in organic terms, comes to 48.7% (47.0% in 2022).

EBITDA for the fourth quarter of 2023, amounted to 3,128 million reais, up 10.8% compared to the fourth quarter of 2022 (2,824 million reais).

Net of non-recurring charges, the margin on revenues for the fourth quarter of 2023 was 49.9% (49.1% in the fourth quarter of 2022).

The changes in the main cost items are shown below:

	(million euros)		(million Brazilian reais)		
	2023 (a)	2022 (b)	2023 (c)	2022 (d)	Change (c-d)
Acquisition of goods and	1,687	1,562	9,111	8,490	621
Employee benefits expenses	338	311	1,823	1,690	133
Other operating expenses	383	367	2,075	1,992	83
Change in inventories	(18)	(6)	(96)	(34)	(62)

EBIT

EBIT for 2023 was 4,501 million reais (3,236 million reais in 2022 +39.1%).

Organic EBIT, net of the non-recurring items, in 2023 amounted to 4,543 million reais (3,364 million reais in 2022), with a margin on revenues of 19.1% (15.6% in 2022).

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

(million Brazilian reais)	2023	2022	Changes	
			absolute	%
EBIT	4,501	3,236	1,265	39.1
Non-recurring expenses (income)	42	128	(86)	
ORGANIC EBIT - excluding non-recurring items	4,543	3,364	1,179	35.0

The EBIT of the fourth quarter of 2023 totaled 1,399 million reais (994 million reais in the fourth quarter of 2022).

Net of non-recurring charges, the margin on revenues for the fourth quarter of 2023 was 22.3% (17.6% in the fourth quarter of 2022).

Commercial strategy 2023

PREMIUM POSITIONING AND TECHNOLOGICAL LEADERSHIP

- First on the market with the 10Gbps fiber offer
- 5G development in over 2,300 municipalities

CONVERGENCE AND VALUE

- Drive on convergence, with cross benefits for TIM's fixed and/or mobile customers
- New TIM Power portfolios offering fiber and 5G with security and assistance services

DATA DRIVEN MANAGEMENT OF THE CUSTOMER BASE

- Expanding cross-selling initiatives
- Reducing churn with targeted actions

SERVICES AND DIGITAL CONTENT

- Simplify ICT solutions by focusing on a set of core offerings, delivered with top market players
- The main Content aggregator in Italy thanks to a unique partnership portfolio

MAIN COMMERCIAL DEVELOPMENTS

Domestic

Consolidation of the new brand positioning

In 2023, TIM consolidated its positioning, expressed in the claim "**La forza delle connessioni (The strength of connections)**", through the continuation of the successful TV format that tells stories of **human connections made possible by TIM technology**, involving the great **Italian leaders** in the sports panorama and covering the entire world of music.

With a century-long history of serving the country's development and growth, TIM's commitment is not only to serve people and businesses by providing reliable services, but also to be present as a **force for change** and progress of the country, feeling the responsibility as a brand to maximize the positive impact on society. For this reason, the communication platform has been enriched with a new playground "**La Parità Non Può Aspettare (Equality Can't Wait)**", to underline TIM's commitment to gender equality and raise awareness of this important issue.

Thus was launched the campaign "**La forza delle connessioni per vincere gli stereotipi (The strength of connections to overcome stereotypes)**", which supported the women's national soccer team at the World Cup in Australia and New Zealand and affirmed the right of girls to dream **free** of stereotypes and prejudice. Female voices, representatives of various professional fields related to the TIM world, highlighted stark statistics on the huge gender gap in their sectors, launching a **challenge to act**.

Moreover, TIM has strengthened its image in terms of **innovation** and promoted ***engagement***, seeking to be recognized not only as a provider of Telco and ICT services, but also as a **digital *partner***, offering advanced solutions and consumer-oriented services, close to people, their needs and their passions.

Renewal of the value proposition with a focus on technology evolution and convergence, focus on strategic segments and sustainability

First on the market with the 10Gbps Fiber offer

5G development in over 2,300 municipalities

Drive on convergence, with cross benefits for TIM's fixed and/or mobile customers

New TIM Power portfolios offering fiber and 5G with security and assistance services

First in Italy to offer the possibility of activating a new line online (or requesting number portability) in a few minutes with SPID/eSIM

WiFi calling service extension also on iPhones

Consumer

During 2023 TIM continued along the path of developing the network and expanding FTTH coverage, confirming the primacy of the speed of **FTTH Fiber** connections with performances of up to 10 Gigabits per second, thanks to XGS-PON technology (10 Gigabit Capable Symmetric- Passive Optical Network).

The **TIM WiFi Power All Inclusive** offer yields not only speeds of **up to 10 Gigabits** but also the very best technology thanks to the TIM 10Gbit modem that assures a powerful, stable, secure connection in all areas of the home and dedicated assistance for an extremely high-level browsing experience. The offer flanks the other offers in the TIM WiFi Power portfolio, the Smart and the Top both with a 2.5Gbit download speed profile. Starting from November 2023, the two top-of-the-range offers have been unified into a new TIM WiFi Power Top offer with speeds of up to 10Gbit.

A particular commercial push was given throughout 2023 to **convergence**, as a lever for loyalty and improvement of the customer experience. The TIM Unica mechanism was improved as early as the first half of the year with the launch of the new **TIM Unica Power**.

TIM has continued to **develop the fixed UBB market, also with FWA technology**, in a logic that complements FTTx technologies to cover the areas not yet serviced. During 2023, a new FWA offer was launched which is particularly advantageous and dedicated to second homes, allowing the customer to take advantage of a second line even in areas not covered by Fiber. The FWA offer is also available as pay-as-you-go, with speeds of up to 40 Mega.

In line with the strategic objective of environmental sustainability, during 2023, TIM launched the **Scrappage Promo**on the market, which allows the customer to scrap the old modem or the old copper line taking advantage of a discount on the new fibre connection.

Also in 2023, TIM continued to support the adoption of new fiber technology with offers for ADSL customers already covered by the FTTCab and FTTH service to upgrade to the new technology without additional costs and leveraging on new offer content different to that of the market and, in particular, on the Per TE offer, dedicated to the Customer Base.

On the **Mobile** front, during 2023 TIM continued to support the development of UltraBroadBand, consolidating **4G** and developing **5G** in over 2,300 municipalities with speeds of up to 2 Gigabits per second.

Technological leadership means a competitive edge for TIM, which is fundamental for making it mark in a highly competitive market. By exploiting the distinctive quality of the network, TIM was able to continue a "value" strategy, maintaining a premium positioning on the market, as demonstrated by the numerous commercial and communication initiatives on 5G. Furthermore, TIM was the first operator in Italy to ensure a completely digital customer experience to activate a new mobile line or request number portability. Customers can, from the comfort of their home, activate an **e-SIM** using the **SPID**as an identification service.

TIM's devices portfolio expanded to include **new product types**in 2023, following a diversification strategy that aims both to attract new customer segments and to counteract the contraction of the smartphone market.

In this context, the most relevant categories are:

- ***Wearables***, especially Samsung and Apple, with growth of **+130% YoY**;
- **PlayStation 5 and Smart TV**, which inaugurate the new "House of Devices" product category, which aims to increase the diffusion of TIM's core services both because it creates the opportunity for use and because it increases pedestrian traffic in TIM stores. Launched in the second half of 2023, these products **account for up to 15% of the total financing for the period**.

The success in marketing these new products was possible above all thanks to 2 factors:

- possibility for points of sale to **finance products directly from TIM warehouses**, without the need to physically have the product; this new feature, available from July 2023, is particularly relevant for bulky products (smart TVs) and for products with limited availability (e.g. Sony PS5 and Apple iPhone);
- expansion of financing with **TIMFin also to TIM Fisso customers** (approximately **25%** of financing from May 2023).

These new features, available for all product categories, and the push on new channels have contributed to the growth in ***smartphone*** financing of +7% YoY, compared to a -12% decline in the total Italian market (source GFK).

Other important determinants of growth are:

- strong growth in ***Digital***channels, **+70% YoY**;
- the introduction of a **policy on *sell-in***, aimed at encouraging stores to buy in order to reduce dependence on low-margin suppliers (Apple and Samsung) and increase the number of smaller suppliers;
- growth in financing for **medium-low range products**, a market with ample margins for growth.

The insurance sector also continues to grow: "**TIMFin Assicura Smartphone**" (TIMFin insurance coverage, ancillary to the sale of smartphones, which covers the repair or replacement of the smartphone in the event of accidental damage and/or in the event of theft) during 2023 sold **policies on 17% of financed *smartphones***, with numbers increasing over the year and closing **December 2023 at 25%**.

To encourage the collection and recycling of used smartphones, TIM and TIMFin propose "**TIM Rivaluta Smartphone**", the trade-in program, thanks to which TIM customers obtain a voucher with an amount equal to the value of the used smartphone; the voucher can be used for a reduction in the installment on the financing of a new device, with a double benefit:

- **sustainability**: enables customers to adopt behaviors that promote the recovery of used goods and the reduction of waste**;**
- **convenience**: the second-hand value becomes a discount on the purchase of the new *smartphone*.

Throughout 2023, TIM Rivaluta Smartphone occupied a prominent place in TIM's commercial strategy, through communication, both on traditional and digital channels, offers of super-valuation of second-hand devices, and dedicated commissioning policies.

With the "TIM Rivaluate Smartphone" service, 5% of the new devices financed allowed the recovery of a used smartphone.

The growth of fixed and mobile **lines with** financed***devices* (+41% YoY)** is fundamental within the policy of protecting the value of TIM's Customer Base, with a ***churn* of lines with financing -55% lower** than lines without financing.

The TIM distribution network, which has an agreement with TIMFin, includes around 3 thousand dealers and more than 5 thousand points of sale (PoS) and offers capillary coverage across the country. It is mainly involved in financing smartphones, which customers pay for by installments and in offering insurance products that are ancillary to the sale of smartphones.

The TIMFin financing process is completely digital, through the use of OCR (Optical Character Recognition) tools, scoring algorithms to automatically assess customers, digital signature, OTP (One-Time-Password) to formalize contracts electronically and completely paperless documentation, so as to assure a quicker response to applications for financing and the best customer experience possible. The IT solution is entered into the information system that TIM makes available to its distribution network.

In short, the main data of TIMFin:

- the number of loan transactions aimed at purchasing devices completed during 2023 grew by +17% compared to 2022;
- the number of personal loan financings finalized during 2023 grew by 58% compared to 2022.

Since July 2023, the possibility of **financing equipment in stores through TIMFin has also been launched for individual businesses and freelancers**.

In addition, in order to guarantee a distinctive position, TIM has continued to promote and improve its portfolio of digital services, such as: TIM PEC, SPID, Cloud Service in partnership with Google, TIM One Number, Smart mobility and TIM MyBroker. The new WiFi calling service, TIM Voce WiFi, which allows you to call with your smartphone even in the absence of mobile coverage using a WiFi connection, was extended during 2023 to all public or private WiFi and to iPhones.

Small and Medium Business Segment

Over the course of 2023, TIM will increase its focus on the **voucher offer with the government's connectivity bonus**, reaching a share as TIM at the end of the plan of around 40% of the resources used in Italy as a whole.

For SoHo customers, **the TIM Ufficio Ovunque Sei service has been launched**, a new cloud-based switchboard solution that allows customers to easily and quickly manage all their fixed-number calls even from their smartphone, with a **self-installing service that can be customized** with a click by the customer via the app. This has become a feature of the TIM Premium Ovunque Sei 10Giga flagship offer and the Voucher offer.

To satisfy the most relevant needs of SMB customers, the **new Fiber portfolio** was launched which aimed at: **strengthening connections** with 2.5Giga and 10Giga speeds, to**dedicated assistance** with an operator available 24 hours a day, 7 days a week and to customer **loyalty** with benefits linked to the fixed-mobile convergence “TIM Unica business” and to direct debit of bills.

Furthermore, TIM increased the penetration of **professional guaranteed bandwidth and VoIP connectivity solutions for the Small and Medium Enterprise market** through the promotion and commercial boost of the TIM Comunica portfolio, recovering competitiveness in the panorama of advanced communication solutions that characterize the world business.

On the **Mobile offer,** the commercial push continued on convergent, domiciled and unlimited Gigabyte offers. The focus was also on improving the quality of the service, as a point of differentiation from competitors, guaranteeing wider coverage thanks to the launch of WIFI Calling (TIM Voce WI FI) available both for Android terminals and, from the end of 2023, also for Apple.

Consolidation of the **stores channel as a commercial *Touch Point*** for VAT-registered small traders**.**

Development of **specific content for the TIM Business digital channel** in order to increase the acquisitions of solutions for fixed, mobile and ICT offer for the SOHO market. Development of on-line services dedicated to customers on apps and the web.

Sustainability

TIM confirms its focus on environmental impact with various initiatives, such as the sale of refurbished smartphones, exclusively Class A+ to guarantee the end customer the maximum guarantee of quality (only original spare parts), but reducing accessories and packaging materials, as well as maintaining the marketing of SIM cards in "half card" format (half of normal SIM cards) and the use of recycled plastics for the card carrier, with a saving of approximately 14 tons of plastic per year. starting from December 2023, the launch of the new eSIM Web, completely dematerialized, is added, which involves sending the eSIM card to customers (for new activations/MNP) via QR Code via email.

TIM also joins the Ecorating Consortium, an organization that evaluates the environmental impact of smartphones by taking into consideration their entire life cycle, from the production process to repairability, use and disposal.

On the small and medium business (SMB) market, sales continue of reconditioned smartphones, to meet the needs of business customers looking to make sustainable purchases without renouncing performance and quality. Reconditioned products stand out for having the highest degree of reconditioning (first class), a 24-month warranty and a bundle pack with all-risk protection included in the price.

Data driven management of the customer base

One of the pillars of the TIM strategy is the optimization of the customer base, applying a data driven logic, with the target of revenue maximization.

To this end, the transformation activities of the CVM platform into real time logic continue through the continuous improvement of ML algorithms and the introduction of the first use cases based on the Customer Data Platform capabilities to increase the effectiveness of commercial actions.

Consumer

With a view to the "Volume to Value" positioning strategy, the 2023 CVM actions are oriented towards increasing the share of wallet of the Customer Base.

The Fixed cross-selling initiatives aimed at the Mobile Only Customer Base, with particular emphasis on TIM Unica, are a key element in increasing the penetration of the convergent Customer Base, thanks to the introduction of new offers and advantages increasingly differentiated based on the need and value of the Mobile Only customer.

Conversely, the MNP cross selling campaigns aimed at specific targets of fixed only customers continued to contribute to increasing the convergent Customer Base and preventing churn.

Another significant aspect was the increase in fiber optic penetration (FTTH) through an action plan dedicated to the technological upgrade of the customer base, with targeted campaigns based on the value and needs of the customer.

Furthermore, again within the "Volume to Value" strategy, the price repositioning actions applied to a part of the fixed and mobile customer base continued, with a consequent increase in ARPU in both fixed and mobile and limited impacts on the churn rate.

Small and Medium Business Segment

2023 saw growth in all the main KPIs on the customer base of small and medium-sized businesses. Churn was the lowest in the last 3 years thanks to targeted data-driven actions on the prevention of customers at risk:

- improvement of the predictive model;
- cluster refinement;
- optimization of selling;

and up-crossselling actions that also work on churn:

- *push* fixed-mobile convergence (*churn* -0.4p.p./month on fixed and -0.8p.p./month on mobile);
- direct debit (churn -0.4p.p./month on landline and –1.18p.p. on mobile);
- upgrade to Fiber (churn -0.3p.p./month);
- increase in advanced connectivity on landline (TIM Comunica) and unlimited gigabytes on mobile (churn -0.5p.p. on fixed and –0.3p.p. on mobile).

In terms of customer experience, 2023 saw an increase in the Customer Satisfaction Index for both fixed and mobile, through actions that worked on several fronts:

- offer: simplification of the offer processes to the customer in Customer Base through the evolution of the CVM offer platform which completed the integration process with all channels during the year;
- customer service: on technical assistance, insertion of communication of the date of expected resolution of faults outside the SLA and improvement of fault tracking, on commercial assistance, introduction of a new standard and value customer management model with strengthening of integrated Sales and Customer Care management for the most valuable portfolio customers. digital caring evolution and push adoption of App and Customer Area.

Digital services: new content delivery model, turnkey ICT solutions and new innovative services

Consumer

Also in 2023, content confirmed and strengthened its decisive role in supporting TIM's positioning. TIMVISION is further consolidated as the main aggregator of sports and entertainment content on the Italian television market, thanks to the **renewal and expansion of agreements with the main operators** on the national and international market and the **launch**, at the end of November 2023, **of a new portfolio, more complete**, practical and adapted to the multiple needs of the customer.

The new packages welcome the innovations launched by the **Disney+ and Netflix** partners in terms of new subscription plans, in fact only with TIMVISION can the customer choose which plan to join at any time, and they integrate **Amazon Prime** into some offers (bundles).

On the partnership agreements front, 2023 saw many renewals: for sports content, a new contract with **DAZN** was signed at the end of December 2023, allowing TIMVISION to continue offering all TIM Serie A for the next five years starting with the 2024-25 season; for entertainment, agreements were renewed with **Disney+** (to March 2023) and **Netflix and Amazon Prime** (to November 2023).

At the beginning of 2023, the migration of the TIMVISION technological platform to MyCanal was finalized, completing TIMVISION's entry into the global Canal+ ecosystem.

Small and Medium Business

During 2023 TIM Business continued to work on **simplifying** the portfolio of ICT solutions by **focusing** on a set of offers built with the ***top players* on the market**, easy to sell and responsive to customer needs in the following areas:

- **IT security** with the launch in October of solutions created with **Telsy**;
  - **TIM Cybersecurity Training**, staff training to learn how to defend themselves from cyber attacks with e-learning courses;
  - **TIM Device Protection**, protection and detection of company endpoints from theft of sensitive data, viruses and malware;
  - **TIM Cyber Attack Response**, dedicated assistance with a team of experts to react promptly in the event of cyber attacks and incidents, defending company data and assets;
- **cloud & collaboration** thanks to partnerships with **Google** and **Microsoft** for the provision of cloud computing, storage, data backup, collaboration and business productivity solutions;
- **digital marketing** with solutions for website creation, e-commerce with new purchasing experiences, social page management (Facebook, Instagram, Linkedin) and advertising campaigns to build customer loyalty;
- **IoT** with solutions for geolocation/tracking of company fleets, performance monitoring and predictive maintenance of company vehicles.

Enterprise

During 2023, TIM confirmed its leadership role in the **Italian market of Large Businesses and Public Administration**, consolidating itself as a pioneer company in the country's digital transformation process and taking on a key role in the implementation of the National Recovery and Resilience Plan (NRRP).

The year saw the consolidation of the organization of TIM Enterprise and the strengthening of its positioning in the five main business areas (fixed TLC, mobile TLC, cloud computing and IT services, cyber security and Internet of Things), integrating the new practice of Enterprise Professional Services to the platform and vertical solutions already made available thanks to the Group's factories: Noovle for the Cloud and Data Centers, Telsy for Cyber services, Olivetti for IoT and big data, supported by Mindicity and Staer for smart cities and smart metering, Trust Technologies for digital identity.

Thanks to TIM's "state of the art" cloud infrastructures and skills, the National Strategic Hub - of which TIM **is the main partner and technological enabler** - fully operational in 2023, to which over 300 Public Administrations have already joined and which constitutes a fundamental axis in the national strategy for the digitalization of the Italian PA, also thanks to the funds provided by Mission 1 of the NRRP. The project has experienced a significant acceleration in recent months both in terms of contracted administrations and project volumes.

More generally, in a varied and competitive ICT market, dominated by the shortage of "digital" skills in both the private and public sectors, the commercial performance of TIM Enterprise continued the virtuous path of revenue growth of recent years, with a mix of revenues from services further shifted towards the IT sector, which has steadily exceeded 50%, in addition to the stability of traditional revenues **from TLC**, in overperformance towards the reference market.

TIM's multicloud value proposition - in particular on IaaS, in which TIM Enterprise confirmed its leadership - has allowed it to maintain a growth rate close to 25% on the private market. The **unique positioning on the Italian market *of full ICT providers* has allowed the awarding of important orders and projects also in innovative areas, including the creation of** Smart Cities ***for the cities of Brescia (Capital of Culture 2023) and Bari, based on the Urban platform Genius, which includes IoT solutions, big data, analytics and forecasting models based on artificial intelligence, or like the ESA "5G Sensor@Sea" project, for the creation of a " 5G smart vessel" in collaboration with the port of Livorno.***

TIM's co-innovation capacity has also been made available to the market according to open innovation and co-innovation models, through participation in technology transfer centres, such as the **5 highly specialized Competence Centers and the Case per le Tecnologie Emergenti promoted by MIMIT** in which TIM participates, the promotion of three Challenges for start-ups and scale-ups, on Smart Cities, Artificial Intelligence and Cyber Security as well as the promotion and participation in awareness meetings and contexts, including the Roadshow ANCI on Smart Cities.

Brazil

2023 was characterized by the consolidation of TIM as a leader in mobile sector coverage, in first place in the Network Consistency Quality Index. In the fixed sector, TIM maintained the **strategy of massive migration of FTTC customers to FTTH, expanding the UltraFibra customer base**, in order to maximize customer experience and profitability.

TIM has strengthened its research into social development and digitalisation in Brazil, and for the 16th consecutive year it has been selected for the Corporate Sustainability Index – ISE B3, as well as reaching more than 700 thousand people with educational benefits through TIM Institute. TIM's commercial partnership with Descomplica continues to produce excellent results, with around 400 thousand TIM customers registered on the educational platform, which offers products aimed at the ENEM exam, university and post-graduate courses, as well as various free courses.

- **Marketing and brand positioning**: continues to strengthen the credibility of the brand, supporting social development and digitisation in Brazil, while developing the qualitative characteristic of the network. TIM continues to position itself at the forefront of the company's digital transformation. The brand slogan **"Immagina le possibilità" (Imagine the Possibilities)** invites customers to see the future in a positive light and demonstrates a commitment to stand by them as they face new challenges, opening up a world of opportunities. To strengthen the brand's positioning as a brand that values customers and brings benefits that go beyond simple gigabytes of data, in 2023 TIM launched an innovative partnership with one of the most important technology brands - Apple, the first partnership in Latin America of telecommunications services and Apple One services. TIM has continued to promote its values and beliefs on diversity and inclusion, launching a gender equality manifesto, as well as providing ongoing support to various activities.
- **Mobile offers**: in 2023, the innovative and pioneering strategy continued in all sectors of the consumer market(pre-paid, control and post-paid), continuing to push the boundaries of the market to keep TIM at the forefront of innovation. first and only to explore disruptive alliances such as: Amazon Prime Video with a unique and exclusive partnership; free Internet connectivity on board on GOL and LATAM aircraft; first and only operator in Brazil to integrate Apple One into its plans, in addition to the partnership with Zé Delivery, with top-ups that generate cashback for the customer to use in the app. In addition, TIM is the first operator in Latin America to launch a trial offer to encourage the use of the best 5G on the largest mobile network in Brazil (30 GB totally free, to be used within 30 days), thanks to the position as pioneers in the use of large-scale remote e-sim activation in the Latin American market. Through this strategy, TIM wants to maintain relevance in the domestic market and enable customers to take full advantage of the growing network capacities as the 5G era advances.
- **Customer Experience**: TIM is constantly working to improve customer experience and satisfaction through technology. In this regard, the evolution of AI solutions and digital channels are key. A number of use cases of generative artificial intelligence were launched in 2023: a virtual assistant, real-time voice and SMS with call summary and an advanced chat bot. A strategy was also implemented to position the MEU TIM app as the main point of contact for customers. In 2023, TIM was the industry leader in the resolution rankings developed by Anatel, Procon-SP and Reclame Aqui.

- **Sales channels**: there is always a high focus on channel productivity, segmentation, and quality of sales. In 2023, the primary objectives were focused on increasing the share of proprietary channels, advancing the e-commerce internalization process, and redesigning the MEU TIM app to strategically elevate the customer experience, broaden the customer base, users and optimize their digital journey. The initial phase of internalising the company's operations and e-commerce system was successfully completed, achieving a new sales record and improving unassisted sales channels, with the aim of improving the customer journey by prioritising conversion rate optimisation.
- **Residential market**: in 2023 migrating customers from FTTC to FTTH continued, in order to maximize customer experience and profitability, while consolidating the asset-light model to expand the presence through neutral network partnerships such as the one with I-Systems.
- **Corporate**: With the aim of shaping a new B2B market with high growth opportunities, leveraging our strengths in mobile, TIM uses IoT connectivity as a springboard to expand into solutions and services, expanding new opportunities in:
    - IoT connectivity: mobile coverage, private network;
    - IoT solutions beyond connectivity: intelligent lighting, precision agriculture, livestock management;
    - IoT solutions beyond connectivity (5G): autonomous operations, video surveillance and analysis, with partnerships with leading companies in Brazil in four main vertical sectors: agri-food, logistics, energy consumption and industry.

MAIN CHANGES IN THE REGULATORY FRAMEWORK

Domestic

Below are the main updates to the domestic regulatory context that occurred during 2023.

With regard to antitrust proceedings, please refer to the Note “Disputes and pending legal actions, other information, commitments and guarantees” to the Consolidated Financial Statements at December 31, 2023 of the TIM Group.

European regulations

Intra-European roaming regulation

The Roaming Regulation 2022/612, which came into force on July 1, 2022, extends the advantages of roaming at national tariffs to European travelers within the European Union (Roam Like At Home) through to 2032 and introduces additional advantages and protection for consumers:

- quality of service: roaming providers shall be obliged to offer the same quality of service in roaming as is available nationally, if the same conditions are available on the network in the destination country;
- better access to and free emergency services;
- greater transparency regarding costs of added-value services;
- greater transparency regarding the costs of roaming on non-terrestrial mobile networks (ships and aircraft).

In addition, a further reduction is envisaged of the wholesale maximums to guarantee sustainability for operators:

		2022	2023	2024	2025	2026	2027
voice	€cent/min	2.2	2.2	2.2	1.9	1.9	1.9
SMS	€cent/SMS	0.4	0.4	0.4	0.3	0.3	0.3
data	€cent/GB	2	1.8	1.55	1.3	1.1	1

The regulation requires the European Commission to assess the measures relating to intra-EU communication (calls and SMSs from one’s own country to another Member State) and verify if, and to what extent, the maximums should be reduced to protect consumers after 2024. At the end of 2023, the Commission has not put forward any proposals, but new measures proposed by Parliament under the *Gigabit Infrastructure Act* are under discussion.

2030 Policy Programme “Path to the Digital Decade”

On December 19, 2022, Decision (EU) 2022/2481 of December 14, 2022 was published in the Official Journal of the European Union, instituting the strategic program for the 2030 digital decade. The decision came into force on January 9, 2023.

The decision partly redefines the digital objectives of the Communication from the European Commission COM (2021) 118 final of March 9, 2021 (the “Digital Compass” Communication):

- a digitally skilled population and highly skilled digital professionals with the aim of achieving gender balance: at least 80% of the population with basic digital skills and 20 million ICT specialists employed in the EU;
- secure, resilient, performant, sustainable digital infrastructures: in particular, the aims of Gigabit coverage to the termination point for all end-users of fixed networks and coverage of all inhabited zones with next generation, high-speed wireless networks offering performance at least equivalent to 5G and to install at least 10,000 peripheral nodes with zero climate impact and that are highly secure, distributed in such a way as to guarantee access to low latency data services (a few milliseconds) wherever the enterprises are located;
- digital transformation of businesses: at least 75% of businesses use cloud computing and/or big data and/or artificial intelligence; basic digital intensity level for at least 90% of the SMEs and doubling up of the number of unicorn (innovative) businesses;
- digitalization of public services: 100% of online digital public services; 100% of citizens with access to the electronic health files and digital identity.

The decision also envisages an annual cooperation mechanism with the Member States, which consists of:

- a structured, transparent and shared monitoring system based on the Digital Economy and Society Index (DESI) to measure progress towards each of the 2030 objectives, a system of key performance indicators (KPIs) defined by the Commission on June 30, 2023 through enforcement deed C(2023) 4288 final;
- an annual report on the state of the digital decade, in which the Commission will evaluate progress and recommend actions (the first report was published by the Commission on September 27, 2023 together with Communication C(2023) 7500 final which sets out expected trends at the level of Union for Digital Objectives);

- strategic multi-annual roadmaps on the digital decade for each Member State, in which the policies adopted or planned must be indicated, as well as the measures implemented in support of the 2030 objectives;
- an annual structured framework to discuss and manage the areas with insufficient progress through recommendations and commitments shared between the Commission and the Member States;
- a mechanism by which to support the implementation of multinational projects.

State aid for broadband networks

On December 12, 2022, the European Commission adopted the new guidelines on State aid for Broadband networks (Communication C(2022) 9343 final), which revise the previous 2013 guidelines, in particular:

- market failure is redefined for the fixed networks and can now exist where the market is unable to supply and it is unlikely to supply end users with a speed of at least 1 Gbps in download/150 Mbps in upload. In black areas (with at least two fixed networks and at least 100 Mbps), the aid may be authorized if none of the networks present (or credibly planned) reach at least 300 Mbps in download;
- specific guidelines are given for mobile networks, where a market failure can exist in areas where a mobile network is not present or not credibly planned that can satisfy the needs of end users (including for specific use cases). In the event of legal obligations (e.g. connected with rights to use the radio spectrum), aid may be granted to cover only the additional costs linked to improving quality of service;
- guidelines are introduced regarding state aid in support of demand (vouchers) divided up into two categories: social vouchers intended for specific categories of users (e.g. low income) to acquire or maintain a Broadband connection; Internet connectivity vouchers, which may be designed for broader categories of end users to incentivize demand, thereby excluding grants to maintain an existing service.

The Commission also adopted on June 23, 2023 Regulation C(2023) 4278 final amending the General Block Exemption Regulation (Regulation (EU) No 651/2014) which identifies state aid cases which are exempt from notification to the European Commission.

Digital Markets Act (DMA)

On October 12, 2022, the text of the Digital Markets Act (or “DMA”, Regulation (EU) 2022/1925 of the European Parliament and of the Council of September 14, 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act).

The new Regulation aims to guarantee more contestable, fairer digital markets through the regulation of the main platforms managed by the gatekeepers (subjects with annual turnover in the European economic area in excess of 7.5 billion euros or average market capitalization in excess of 75 billion euros, as well as providing a platform service to at least 45 million end customers operating monthly and more than 10,000 business users operating annually). The Regulation scope excludes the electronic communication services and networks (other than those relating to interpersonal communication services regardless of the number).

Specific obligations and prohibitions are envisaged that the gatekeepers must observe to avoid incurring sanctions (up to 10% of the global annual turnover).

The obligations assigned to gatekeepers include, for example, that of allowing commercial users to offer the same products or services to end users through third party online intermediation services or their own online direct sales channel at prices or conditions that differ from those currently offered through the online intermediation services of the gatekeeper or that of allowing commercial users, free of charge, to communicate and promote offers, including at different conditions, to end-users acquired through the gatekeeper service or other channels and to stipulate contracts with the end users, regardless of whether or not they use the services of the gatekeeper. There is also an obligation for gatekeepers to make their interpersonal communication services interoperable via reference offers.

Prohibitions include, for example, self-preferencing of the products or services of the gatekeeper or the cross-use of data of customers also acquired through the sale of third party services.

On September 6, 2023, the Commission designated for the first time 6 Gatekeepers (Alphabet, Amazon, Apple, ByteDance, Meta, Microsoft) for a total of 22 Core Platform Services (CPS). Platforms designated as Gatekeepers will have to comply with the new obligations and prohibitions imposed starting from March 2024.

Digital Services Act (DSA)

On October 27, 2022, the text of the Digital Services Act (or “DSA”, Regulation (EU) 2022/2065 of the European Parliament and of the Council of October 19, 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act). The new Regulation aims to create a harmonized framework on an EU level of the specific obligations of diligence for certain intermediate service supplies, guaranteeing respect for the rights of on-line service users residing in the EU, regardless of the supplier’s origin.

The addressees of the provision are suppliers of “Intermediate services” (“Mere conduit”, “Caching”, “Hosting”, on-line intermediation platforms and large on-line platforms and search engines with more than 45 million users operating monthly); 17 large online platforms and two large search engines identified for the first time in April 2023). Different, gradually increasing obligations are envisaged depending on the type and size of the suppliers. The obligations envisaged include, for example, that of guaranteeing internal complaints management systems, any amicable resolution of disputes, preferential management for “reliable reporters”, measures against repeated abuse, the traceability of commercial operators and transparent annual reports. Sanctions in the event of breach can be as high as 6% of turnover.

Most of the rules will apply starting February 17, 2024.

Network and Information System Directive (NIS2)

The new Directive 2022/2555 (NIS2), which replaces the current Directive 2016/1148 (NIS) came into force on January 16, 2023 and should be transposed into national systems by October 17, 2024 to then apply from October 18, 2024.

The NIS2 envisages an extension of the scope of application of these laws governing the security of networks and computer systems, including on the one hand, sectors currently covered by other rules, which are simultaneously abrogated (i.e. the security measures of electronic communication services and networks, currently included in the European Electronic Communications Code) and, on the other, extending the rules to new subjects (e.g. data centers, CDN, etc.).

The Directive maintains the obligation to adopt security measures that are commensurate to the risk, yet introduces a series of minimum requirements, including security management of the procurement chain and reviews the mandatory notification procedures of IT incidents.

Sanctions in the event of breach can be as high as 2% of turnover.

The Directive also envisages the strengthening of the bodies and supervisory bodies on a Community level, with the aim of improving collaboration to fight the global IT threat, thanks to the sharing of experience by Member States.

Cyber Resilience Act (CRA)

On December 1, 2023, a political agreement was reached between the Parliament and the Council on the new Cyber Resilience Act (CRA) regulation, proposed by the European Commission in September 2022. Work will continue at a technical level in the coming weeks to finalize the details of the new regulation.

The CRA will improve the level of cybersecurity of digital products, as it introduces proportionate mandatory cybersecurity requirements for all connected products, from baby monitors, smartwatches and computer games, to firewalls and routers. The regulation takes a risk-based approach, with different security requirements associated with different levels of risk. The Commission estimated that less than 10% of products will be subject to the most onerous obligations, which include third-party certifications of conformity.

Once the CRA comes into force, hardware and software manufacturers will have to implement cybersecurity measures for the entire life cycle of the product, from the early stages of design and development, to the placing of the product on the market and for at least 5 years unless the declared lifespan of the product is less. All products placed on the EU market will have to bear the CE marking to ensure their compliance with the CRA.

Data Act

Following its publication in the Official Journal on December 22, 2023, the Data Act, a European regulation that introduces harmonized rules on fair access to data and its use, entered into force on January 11, 2024 and will be directly applicable starting from September 12, 2025.

The act covers several areas:

Business to Business

First, it aims to ensure fairness in the allocation of the value of data generated by connected devices among actors in the data economy. The Regulation provides for a shared right in the use of data between the manufacturer and the user of connected devices, allowing the latter to access - without undue delay and free of charge - the data generated by the device and to share such data with third parties to provide after-sales services or other innovative services based on them.

However, the Data Act provides that the circulation of data between companies may require the payment of a reasonable and non-discriminatory price which includes the cost of making it available and the investments made for the collection and production of such data.

The Data Act also recognizes that some data may represent trade secrets, the circulation of which would harm the interests and proprietary rights of companies. The text of the regulation has therefore introduced a series of provisions aimed at protecting this information.

Business to Government

The regulation also aims to promote the use of data held by private companies by public sector bodies in emergency situations, such as health emergencies or serious natural disasters, and in other exceptional cases, where it is not possible to find the data on the market and the lack of such data prevents the public entity from carrying out a specific task of public interest provided for by law. Data sharing in emergency situations must be carried out free of charge, while in the remaining exceptional cases private entities will be entitled to reasonable compensation.

Cloud Services

The regulation introduces interoperability requirements for data processing services - such as cloud or edge computing services - aimed at preventing vendor lock-in phenomena and facilitating the possibility for users to switch to a new supplier.

Furthermore, the Data Act offers specific safeguards to prevent unlawful transfers of non-personal data held by cloud service providers to third countries that conflict with data protection obligations under EU or Member State law.

Connectivity package

On February 23, 2023, the European Commission presented a package of regulatory initiatives aiming to promote connectivity and, in particular, investments in the new Gigabit and 5G networks in order to help achieve the Digital Compass 2030 objectives. The measures include:

- Gigabit Recommendation: a draft new Recommendation regarding the regulatory approach (obligations lying with the operator with Significant Market Power - SMP) which the national authorities should apply in analyzing the fixed access markets to promote Gigabit connectivity. The Recommendation revises the 2010 NGA Recommendation and the Recommendation on the 2013 cost methodologies and non-discrimination measures. BEREC provided its opinion on May 5, 2023 and final adoption is expected in Q1 2024.
- Gigabit Infrastructure Act: a legislative proposal revising Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks (transposed by means of Italian Legislative Decree no. 33/2016), which will become a Regulation named the "Gigabit Infrastructure Act" (GIA). The GIA includes symmetrical measurements relating to the access to the existing infrastructures to install elements of a Very High Capacity fixed and mobile network, to the access to the infrastructures and internal verticals of the buildings, to the coordination of civil works and permits to carry out works to install the networks. Trilogues between the Council, Parliament and European Commission began on December 5, 2023 with a provisional agreement expected to be reached on February 9, 2024 and final adoption by summer 2024. Among the most critical issues is Parliament's proposal to repeal the surcharge on the prices of intra-EU calls (currently subject to price caps until May 2024). The Council, however, would like greater flexibility for member states, the elimination of the principle of silent consent in the issuing of permits and longer implementation times for the new measures (24 months from the entry into force of the Regulation, instead of the 6 months proposed by the Commission).
- Exploratory consultation on the future of the connectivity sector: questionnaire to obtain stakeholders' opinions on the market and technological evolutions in progress and their impact on the electronic communications sector. It also includes questions aiming to collect elements useful to assessing the possibility of envisaging a fair contribution to investments in connectivity infrastructures by all market players benefiting from the digital transformation. Following the consultation, in October 2023, the European Commissioner for the Internal Market, T. Breton, announced the publication of a White Paper on investments in the TLC sector (scheduled for the end of February 2024) which should then pave the way for 'Digital Networks Act', a legislative proposal to "redefine the DNA of EU TLC regulation".

Wholesale fixed-line markets

Fixed network access market analysis

The Resolution 348/19/CONS published on August 8, 2019 defines the obligations and economic conditions for wholesale access services for the period 2018-2021.

In November 2020, AGCom concluded the preliminary reliability assessment of TIM's voluntary separation project for the creation of FiberCop (the Newco, controlled by TIM and in which KKR Infrastructure Fund and Fastweb have an investment, which on March 31, 2021 had acquired the secondary copper and fiber access network held by TIM and Flash Fiber).

With Resolution no. 637/20/CONS, published in December 2020, the Authority initiated the procedure relating to the coordinated analysis of the markets for fixed network access services pursuant to article 50-ter of the Code and, at the same time, launched the public consultation on FiberCop, the results of which were published in October 2021, with resolution no. 253/21/CONS.

2022 and 2023 prices for services of wholesale access to the fixed network

Pending the completion of the coordinated analysis of access markets started with decision no. 637/20/CONS, with resolution no. 132/23/CONS, the Authority approved the 2022 and 2023 wholesale access prices for the wholesale access services to the fixed copper and fiber network offered by TIM/FiberCop as it deemed it necessary to guarantee the necessary regulatory predictability for all operators active on the wholesale and retail market and avoid the retroactive application of economic conditions, as repeatedly requested by the European Commission.

The table below shows the prices of the main wholesale access services approved for 2023 compared to the values approved for 2021 which are confirmed the same for 2022.

Services	Fees 2023 (€)	Fees 2022=2021 (€)	Changes (2023 vs 2021)
LLU	9.91	8.90	+11.3%
SLU	5.89	5.30	+11.1%
VULA-FTTC	13.07	12.50	+4.6%
Dark fiber on primary - IRU 15 years	1,874.38	2,484.53	-24.6%
Dark fiber on secondary - IRU 15 years	1,314.72	1,563.21	-15.9%
VULA-FTTH	14.26	15.35 (2021) 14.84 (2022)	-7.1%
Vertical in fiber	2.50	2.80	-10.7%
Vertical in copper	0.51	0.47	+8.5%

This decision reduces the differential between wholesale fiber and copper access prices, creating, on the one hand, an incentive to invest in new FTTH networks for both incumbent operators and new operators, and on the other, a acceleration of customer migration from old copper networks to new fiber networks. It is a somewhat historic decision that reverses a decade-long trend of reduction.

At the beginning of July 2023, the Authority with resolution no. 152/23/CONS has launched the public consultation (expiring September 15, 2023) for the regulation of the access markets to the TIM fixed network for the period 2024-28.

The main contents of the provision scheme are:

- the strong growth over the five-year period in the monthly fees for ULL, SLU and VULA-FTTC copper services, compared to a stable VULA-FTTH fee which at the end of the period will cost the same as VULA-FTTC;

Fees (€/month)	2023	2024	2025	2026	2027	2028
LLU	9.91	10.26	10.44	10.65	10.87	11.16
SLU	5.89	7.24	7.37	7.52	7.69	7.90
VULA-FTTC	13.07	13.07	13.18	13.40	13.73	14.18
VULA-FTTH GPON	14.26	14.24	14.23	14.21	14.19	14.18

Source: AGCom – Resolution no. 152/23/CONS

- the deregulation of copper and fiber bitstream throughout the national territory;
- the regulation of semi-GPON access, in the event of failure to approve the co-investment commitments that would replace the regulation;
- the regulation of full-GPON access;
- the geographical differentiation of the rules. In particular, for Market 1 (including local physical access on copper and fiber and VULA services), *ex ante* regulation is not envisaged for the municipalities of Milan and Cagliari, while there is no obligation to cost of VULA (FTTC and FTTH), semi-GPON, semi-VULA and full-GPON services for another 59 municipalities assessed as contestable by the Authority and equal to approximately 9% of the population);
- the reduction from 24 to 12 months of the notice period for decommissioning with explicit introduction of the End of Sale (EoS) of copper services.

The proceeding in question, still ongoing, will update the regulatory framework of the markets for wholesale access services to the fixed network on the basis of the changed competitive conditions and the new corporate and market structures.

TIM's transformation plan

At its meeting of July 6, 2022, TIM's Board of Directors approved the strategic objective of reorganising the Company with a view to overcoming vertical integration, for further details see the "Investor Information" section of this Report on Operations.

Co-investment offer in a VHC network

On January 29, 2021, TIM notified the Authority of a co-investment offer for the development of a new fiber network in accordance with Articles 76 and 79 of the New European Electronic Communications Code (EECC) so that the conformity is assessed with said Art. 76 for the purpose of deregulating the new fiber infrastructure.

This offer was subsequently amended and supplemented by TIM in March, April and most recently in December 2021, in light of the indications provided by the Authority in the “Preliminary conclusions” sent to TIM upon completion of the market test launched by resolution no. 110/21/CONS.

The co-investment project is open to any supplier of electronic communication services or networks and it is the first case of European co-investment on a national scale and application of the new Code.

More specifically, the project aims to reach a total of 9.7 million ITUs (Technical Building Units), out of the 13.9 million present, in 2,549 municipalities by April 2026.

On January 11, 2022, AGCom published resolution No. 1/22/CONS, launching the public consultation, which ended on February 9, 2022, on the regulatory treatment of FiberCop's fiber network concerned by the co-investment offer.

The resolution under consultation provides for the approval of the co-investment commitments that are made binding for a period of 10 years in accordance with Art. 76 of the new European Electronic Communications Code (EECC). More specifically, TIM will be bound to these commitments and not subjected to any additional regulatory obligation on the secondary fiber network in all municipalities in which at least one co-investment agreement has been stipulated between an alternative operator and FiberCop with reference to the following services:

- semi-GPON access;
- access to the installation and dark fiber infrastructures on the secondary network;
- access to the vertical segment for termination in fiber;
- any other access service that only applies to the secondary network concerned by the co-investment.

On May 16, 2022, the Authority notified the draft provision to the European Commission. However, on June 7, 2022, AGCom withdrew the notification following TIM's communication of a mechanism index-linking to the prices of the Co-Investment Offer to take into account the recent, sudden, significant increase in inflation. The index-linking mechanism was subsequently amended by TIM in July and October 2022, on the basis of the Authority's indications.

By resolution no. 385/22/CONS published on November 7, 2022, the Authority launched a market test on the index-linking mechanism of the prices proposed to brackets by TIM to determine the annual inflation rate to be applied to the prices of the co-investment offer starting 2023. The Offer also extends application of the economic conditions for 2021 to co-investors adhering by April 2023.

The investigations ordered by AGCom did not entail a complete overhaul of the procedure but rather merely assessed the conformity of the new prices with the criteria envisaged by the Code, also on the basis of the results of a specific market test, after which the notification in the European Commission will be renewed.

On February 9, 2023, the Authority notified TIM of its preliminary conclusions, asking for a revision of the index-linking model of the prices of the co-investment offer. On December 15, 2023, TIM formally communicated the impossibility of accepting the requests made by the Authority, also highlighting that it would remove the co-investment offer from the TIM and FiberCop wholesale sites to ensure the necessary transparency for the entire market.

Consequently, on December 20, 2023 the Authority, with resolution no. 339/23/CONS, did not approve the proposal of Commitments notified by TIM pursuant to articles 87 and 90 of the Electronic Communications Code (articles 76 and 79 of the European Electronic Communications Code) relating to the co-investment for the creation of new very high capacity networks – VHCN.

Infratel Tenders for the subsidizing of Ultrabroadband networks

The Italian Strategy for Ultrabroadband - “Towards the Gigabit Society”, approved on May 25, 2021 by the Inter-Ministerial Committee for the Digital Transition (CITD), defines the action necessary to achieve the digital transformation objectives indicated by the European Commission in 2016 and 2021 - respectively with the Communication on Connectivity for a European Digital Single Market (the “Gigabit Society”) and the Communication on the Digital Decade (the “Digital compass”), whereby it presented the vision, objectives and procedures for achieving the digital transformation of Europe by 2030.

These European digital transformation objectives develop around 4 cornerstones:

(1) digital competences;

(2) the digitization of public services;

(3) the digital transformation of businesses;

(4) the development of secure, sustainable digital infrastructures.

One of the objectives set by the European Commission is to allow all EU families, by 2030, to benefit from Gigabit connectivity and ensure that all inhabited areas are covered by 5G networks.

The Italian National Recovery and Resilience Plan (NRRP) approved by the government on April 29, 2021 allocates 27% of resources to the digital transition, of which 6.7 billion euros for strategic Ultrabroadband projects, continuing on from the strategy launched by the government back in 2015.

The Strategy, in addition to having as its objective the completion of the Plan to cover the so-called white areas (areas of low population density in which there is no expectation of private investment for ultra-wideband) and the measures to support demand already underway (so-called vouchers), envisages five further public intervention Plans to cover the geographical areas in which the offer of very high-speed digital infrastructures and services by market operators is absent or insufficient, and is expected to be so in the coming years.

The NRRP allocates 6.7 billion euros for Ultrabroadband projects, distributed over the following plans:

- "Italia 1G" Plan
- “Italia 5G” Plan, of which:
  - No. 4G/5G Areas;
  - 5G corridors;
  - Suburban roads 5G ready.
- "Sanità Connessa” Plan;
- "Scuola Connessa” Plan;
- ”Isole minori" Plan.

Through these measures, the government intends to bring forward to 2026 - and therefore a good 4 years - the 1 Gbit/s connectivity objectives for everyone and full 5G coverage of the populated areas fixed by the new European Digital Compass Strategy for 2030.

"Italia 1G" Plan

The “Italia 1G” plan seeks to guarantee fixed 1 GB download and at least 200 Mbit/s in upload coverage in the gray and black areas where, until 2026, the plans of private operators cannot guarantee “reliable” connections with at least 100 Mbit/s in download.

In this context, in April 2021, Infratel Italia (MISE's in-house company) launched a mapping of UBB 2021-2026 fixed coverage plans by all private operators, including FWA coverage on a total of 21.3 million "gray" addresses (i.e., in areas where only one ultrawideband network is planned to be deployed) and "black " addresses (i.e., in areas where at least two fixed ultrawideband networks are planned to be deployed), as resulting from previous mappings.

The results of the fixed mapping were published on August 6, 2021.

Identifying coverage of 300 Mbit/s as the threshold for intervention, approximately 6.2 million road addresses lacking 300 Mbit/s coverage, have been identified as subject to intervention.

Following a public consultation on how to intervene, for the disbursement of public finance, bandwidths were used with regional or multi-regional based incentive models.

In the same streaming of the “Italia 1G” Plan, on October 13, 2021, Infratel launched a complementary consultation that was completed on November 15, 2021, in relation to the update of the mapping of fixed UBB coverage of the “White areas” of the 2016 UBB Plan, which includes a total of 11.8 million addresses:

- the addresses of the UBB bandwidths awarded to the public concession-holder Open Fiber S.p.A.;
- the addresses corresponding to approximately 450,000 property units situated in remote areas (referred to as “scattered houses”), not included in the previous public intervention plans.

The purpose of the mapping was to identify the addresses present in said areas, which have been excluded from the public intervention and which will not be reached in the next 5 years (September 30, 2021 - September 30, 2026) by private investments able to guarantee a download connection speed of at least 300 Mbit/s at peak times.

On the basis of the coverage plans declared by Open Fiber and private operators, 1.6 million addresses have been identified not covered by 300 Mbit/s by 2026, which will be publicly financed for the completion of the “Italia 1G” plan.

The “Italia 1G” plan was notified to the European Commission on November 8, 2021 and approved on January 27, 2022.

On January 15, 2022, Infratel published the "Italia 1G" tender for the concession of public grants for the financing of investment projects to develop new telecommunications infrastructures and the related access devices able to supply services with a capacity of at least 1 Gbit/s in download and 200 Mbit/s in upload; the deadline is March 31, 2022.

The addresses involved in the tender (approximately 6.9 million) have been divided up into 15 lots with financing envisaged in the tender for 3.68 billion euros. Each competitor could win up to a maximum of 8 lots.

The public grant will cover up to 70% of the expenses incurred, while at least 30% will be paid by the beneficiary.

The results of the tenders were published on May 24, 2022 and are as follows:

- TIM has been awarded the following tenders: Sardinia (lot 1), Abruzzo, Molise, Marche and Umbria (lot 3), Piedmont, Liguria and Val d’Aosta (lot 4), South Calabria (lot 5), North Calabria-Cs (lot 11) and Basilicata (lot 14) for a total of approximately 1.6 billion euros;
- Open Fiber has been awarded the following tenders: Apulia (lot 2), Tuscany (lot 6), Lazio (lot 7), Sicily (lot 8), Emilia-Romagna (lot 9), Campania (lot 10), Friuli Venezia Giulia-Veneto (lot 12) and Lombardy (lot 13) for a total of approximately 1.8 billion euros.

The tender for Trento and Bolzano (lot 15) has been reproposed with a deadline of June 3 and was awarded to TIM on June 28, 2022 for a total of approximately 65 million euros.

On July 29, 2022, the Agreements were signed by Infratel and the operators that had been awarded the individual lots.

"Italia 5G" Plan

The “Italia 5G” Plan envisages 5G coverage with 150 Mbit/s in download and at least 50 Mbit/s in upload in the following areas:

- European 5G corridors (2,645 km): 420 million euros;
- Suburban roads prepared for 5G (10,000 km): 600 million euros;
- No 5G/4G areas: 1 billion euros.

To identify the areas to be financed, Infratel has mapped the 2021-2026 4G and 5G mobile coverage plans of private operators, including the sites’ fiber backhauling connections.

Upon completion of the consultation, the following have been identified as subject to public intervention:

- 13,200 mobile radio sites, which comprise approximately 18,600 BTSs (base transceiver stations) on which to implement fiber backhauling;
- 15% of the national territory where, however, only 1.6% of the population lives, but with important terrestrial road and rail transport routes to be covered in 5G.

These results have been submitted for public consultation through to December 15, 2021.

Following the results of the public consultation, on March 21, 2022, Infratel published two tender notices to foster the development, by 2026, of infrastructures for the development of 5G networks in the areas of the country in which the market does not invest:

- Tender for fibre Backhauling (5G Backhauling Plan);
- Tender for New 5G Sites (5G Coverage Plan).

The European Commission has approved the aid measure comprising both notices on April 25, 2022. The deadline for submitting offers passed on May 9, 2022.

5G Backhauling Plan

The first notice envisages incentives on investments for the development of fiber optic connection of more than 10,000 existing mobile radio sites of up to 90% of their cost. It is divided into 6 multi-region lots and the tender is worth a total of 949,132,899 euros.

On June 13, 2022, all six lots were awarded to TIM for a total equivalent value of 725,043,820 euros.

On July 29, 2022, the Agreements were signed in connection with the individual lots between Infratel and TIM.

5G Coverage Plan

The second notice encourages the development of new 5G mobile network infrastructures (fiber, infrastructure and electronic components) in more than 2400 areas of the country with transmission speed of at least 150 Mbit/s in downlink and 30 Mbit/s in uplink, again financed for up to 90% of the total cost.

The second notice is also divided up into 6 multi-regional lots but different to the others and the tender is worth a total of 974,016,970 euros.

The second notice for the development of new 5G sites failed to reach quorum requirements and was republished with amendments on May 20, with a deadline of June 10, 2022.

The new notice envisages financing of 567,043,033 euros on a smaller number of sites to be connected than previously (-50%).

On June 28, 2022, Infratel reported that all six lots had been awarded to INWIT S.p.A. forming a temporary grouping of companies with TIM and Vodafone for a total of approximately 346 million euros.

On July 29, 2022, the Agreements were signed in connection with the individual lots between Infratel and the corporate grouping led by INWIT S.p.A..

"Sanità Connessa" Plan

The "Sanità Connessa" plan aims to supply connectivity with symmetrical speed starting from 1 Gbit/s and up to 10 Gbit/s to approximately 12,280 health care structures throughout the country.

To implement the Plan, on January 28, 2022 Infratel called a tender for the supply of Ultrabroadband connectivity services at public health care structures throughout Italian territory, including the supply and installation of access networks and operation and maintenance services, with a deadline of April 11, 2022.

The tender envisages an allocation of 387 million euros and is divided up into 8 territorial lots; any individual subject can be awarded up to 4 lots.

The provisional award of the tenders was disclosed on June 6, 2022.

The total amount awarded was 314 million euros.

TIM was awarded two of the eight lots comprising the regions of Lombardy, Emilia-Romagna, Marche and Umbria, for approximately 78 million euros.

On September 20, 2022, the Agreements were signed in connection with the individual lots awarded between Infratel and TIM.

"Scuola Connessa" Plan

The "Scuola Connessa" Plan aims to complete the 2020-2023 School Plan launched by the government on May 5, 2020, with which the supply of Ultrabroadband connection was envisaged of up to 1 Gbit/¨s with 100 Mbit/s guaranteed to 35,000 school buildings (approximately 78% of the total), i.e. all buildings of the middle and secondary schools throughout the country and, in the "white areas", also the connection of all primary and nursery schools.

The 2020-2023 School Plan was run by Infratel that, from September to December 2020, organized a public consultation and posted a tender notice with public funding of 274 million euros divided up into 7 geographic lots (with a limit of two lots that can be awarded by the same bidder, who can submit bids for all lots).

On February 26, 2021, the award of the individual lots was reported.

The total amount awarded was 271 million euros.

TIM was awarded two of the eight lots, comprising the regions of Tuscany, Veneto, Marche, Abruzzo, Molise and Apulia, for approximately 84 million euros.

The new "Scuola Connessa" Plan aims to complete the public intervention that has already been launched, including the remaining 9,900 buildings, which will be supplied with connectivity at 1 Gbit/s with related technical assistance for 5 years.

To implement the Plan, on January 28, 2022 Infratel called a new tender, worth a total in excess of 184 million euros, for the supply of Ultrabroadband Internet connectivity services at schools throughout Italian territory, including the supply and installation of access networks and operation and maintenance services, with a deadline of April 11, 2022.

The tender is divided up into 8 territorial lots; any individual subject can be awarded up to 4 lots.

The provisional award of the tenders was disclosed on June 6, 2022.

The total amount awarded was approximately 166 million euros.

TIM was awarded four of the eight lots comprising the regions of Piedmont, Liguria, Valle d'Aosta, Tuscany, Lazio, Campania, Calabria, Sicily and Sardinia, for more than 99 million euros.

On September 20, 2022, the Agreements were signed in connection with the individual lots awarded between Infratel and TIM.

”Isole minori" Plan

The “Isole minori” Plan aims to provide adequate connectivity to 18 minor islands that today have no fiber optic connection with the continent. More specifically, the islands will be equipped with optic backhaul, which will allow Ultrabroadband connectivity to develop. Optic backhaul will be accessible to all operators through Submarine Backhaul Access Points identified according to the criterion of least distance from the neutral delivery point (NDP), if present on the island, and from the point of arrival of the undersea cable.

The total budget is 60.5 million euros.

The measure will be implemented through direct intervention. The new network will be entirely financed and owned by the state and will be managed by one or more operators chosen on the basis of a competitive selection process that is open, transparent and non-discriminatory.

The tender to identify the economic operators to which the design, supply and installation of the undersea optic fiber cables is to be entrusted for the development of the “Isole minori” Plan, was launched on November 18, 2021 and drew to a close on December 22, 2021. As the tender failed to meet quorum requirements, Infratel reproposed it, with amendments, on February 11, 2022, with a deadline of March 18, 2022 and the tender was awarded to the company Elettra TLC on April 28, 2022 for approximately 45 million euros.

New consultation on mapping backhauling networks 2023

On December 18, 2023 Infratel launched a new consultation, expiring on January 31, 2024, in order to update the mapping of backhauling networks. The mapping has the objective of knowing whether the collection points of the fixed access network (on physical carrier or FWA radio) existing, or planned by 2026, have a backhaul network with sufficient capacity to transport the traffic offered by the network access capable of providing download connection speeds equal to or greater than 300 Mbit/s in the peak period for each UI passed.

In the event of a market failure, i.e. if it emerges that the capacity of the backhauling network, existing or planned, is not able to cope with the expected development of the corresponding access networks based on the current and future needs of end users, it could be public intervention is expected to support backhauling networks.

Voucher Plan

The aim of the Plan, launched on May 5, 2020, with a total allocation of more than 1 billion euros, is to promote and offer incentive for the demand for Ultrabroadband connectivity services (NGA and VHCN) in all areas of the country, in order to increase the number of families and businesses that use digital services with high-speed networks of at least 30 Mbit/s.

Family vouchers

First phase

A first phase of intervention, launched on November 9, 2020, with a budget of 200 million euros, in favor of families with ISEE income of less than 20,000 euros, to whom a contribution of 500 euros is allocated (200 euros for connectivity and 300 euros for tablet or PC on free loan for use), met the need to address, during the early stages of the COVID-19 pandemic, the effects of the health emergency and guarantee suitable connection services to ensure continuity of the families’ school and working activities. The first stage ended on November 9, 2021, a year after it started, as per the implementing decree. This measure has proven to be not much of an incentive: of the entire amount set aside of 200 million euros, no more than 93 million euros have been assigned. 210,000 bonuses were assigned against an availability of 400,000.

Second phase

On April 27, 2022, Infratel launched a public consultation before starting a second phase of dispensing vouchers to families.

Total resources of 407,470,769 euros have been allocated for the intervention.

The aim of the intervention is to promote and offer incentive for the demand for Ultrabroadband connectivity services (NGA and VHCN) in all areas of the country, in order to increase the number of families that use digital services with high-speed networks of at least 30 Mbit/s.

The consultation expired on May 31, 2022.

On March 22, 2023 Infratel launched a consultation supplementary to the one concluded in May 2022, expiring on April 22, 2023, in order to acquire opinions and observations regarding the following intervention proposals:

- intervention in favor of families, without ISEE limitations and without an active data contract on the fixed broadband and ultrabroadband network;
- provision of a voucher equal to 300 euros, to incentivize subscriptions for at least 300Mbps in the form of a discount on the activation price (where present) and on the amount of service delivery fees for a period of up to 24 months, and will include the supply of related electronic equipment (CPE);
- exclusion of families who have already benefited from the connectivity voucher during phase 1, intended for less well-off families;
- provision of an additional contribution equal to a maximum of 130 euros to cover costs relating to civil works that may be incurred within one's private property in order to prepare it for the passage of the necessary infrastructure.

To integrate the observations collected during the previous consultations, carried out in the months of April-May 2022 and March-April 2023, Infratel launched, on December 11, 2023, a new public consultation regarding the second phase of the " Voucher Plan for 'incentivizing families' demand for ultrabroadband connectivity'. The consultation expired on January 11, 2024.

The new intervention proposal, in favor of families, includes:

- the provision of a voucher equal to 100 euros in the form of a discount on the activation price (where present) and on the amount of the service delivery fees, including the supply of the relevant electronic devices (CPE), for a period of up to 24 months;
- the activation of a subscription with at least 300 Mbit/s download;
- the portability of the voucher at any time in the event of a change of subscription in order to avoid any form of lock-in on contracts.

The subjects who will be able to access the voucher are families who:

- do not have any connectivity service or have not had a connection in the last 6 months;
- have a service with download speeds of less than 30 Mbit/s.

Company vouchers

The intervention offering incentive to companies, approved by the European Commission last December 15, 2021, was launched on March 1, 2022 and aims to facilitate the development of ultrafast internet connections for companies and the digitization of the production system.

Net of the amount attributed to communication costs and expenses accompanying the measures and the reimbursement of direct and indirect costs linked to the activity, the amount set aside for the disbursement of the vouchers is approximately 590 million euros.

Beneficiaries can request just one voucher to guarantee an increase in connection speed, from 30 Mbit/s to more than 1 Gbit/s, varying from a minimum of 300 euros to a maximum of 2,500 euros, according to the guaranteed download speed and contract term (from 18 to 24 months).

The Voucher Plan for businesses had an initial deadline of December 15, 2022, which was then extended to December 31, 2023.

The extension had been requested by the Italian government from the European Commission, considering that there was still more than 430 million euros available and also taking into account the May 2022 extension of the beneficiaries to also include professionals (natural persons with a VAT number operating an intellectual profession, self-employed or associated).

On March 22, 2023 Infratel launched a consultation regarding the "Voucher Plan to incentivize business connectivity demand - Application Services" which expired on April 22, 2023 in order to acquire opinions and observations regarding the following intervention proposals:

- intervention in favor of micro, small and medium-sized enterprises, as well as natural persons with a VAT number who exercise, on their own or in an associated form, an intellectual profession pursuant to article 2229 of the Italian Civil Code, or one of the unorganized professions referred to Law of January 14, 2013, no. 4;
- provision of a voucher of variable value, for the activation of application services in the 5G, Cloud, Cyber Security, Big Data, Artificial Intelligence, Blockchain, drones fields, to support the activities of the beneficiaries;
- Companies or professionals who already have a contract with at least 30 Mbps download speed will be able to request the voucher contribution.

At the scheduled deadline, TIM sent its contribution. The results of this consultation have not yet been published.

Wholesale mobile network markets

Mobile termination market analysis

On January 22, 2019, AGCom published its final decision on mobile network termination market analysis (resolution no. 599/18/CONS). In particular, AGCom established symmetric tariffs for all MNO and full MVNO operators for the period 2018-2021 (0.98 euro cents in 2018, 0.90 euro cents in 2019, 0.76 euro cents in 2020, 0.67 euro cents in 2021) and confirmed the absence of an obligation to check the termination prices for calls originating outside the European Economic Area (EEA); however, SMP operators cannot adopt termination rates that are higher than those applied to Italian operators by operators in non-EEA countries where rates are regulated.

In accordance with Delegated Regulation (EU) 2021/654 of the European Commission, a progressive reduction is expected in mobile termination prices in three years, so as to allow for a gradual transition towards the target price of 0.2 cents/min. in 2024: 0.67 cents/min until end 2021, 0.55 cents/min in 2022 and 0.4 cents/min in 2023.

Under certain conditions, which should in principle guarantee price reciprocity, these caps also apply to the termination of calls originating outside the EU.

Retail fixed-line markets

Universal Service

Net cost

Following ruling no. 4616/2015, published on October 2, 2015, in which the Council of State canceled decision no. 1/08/CIR of AGCom on the retroactive application of the new methodological criteria for calculating the net cost of the universal service (USO) relating to the 2004-2007 years, the Authority began the public consultation of the net cost of the total years 2004-2007 with resolution 89/18/CIR, published on July 3, 2018, and subsequent resolution no. 62/19/CIR, published on May 7, 2019. On September 11, 2019, the Authority published the final resolution concerning the Net Cost of Use for 2004-2007 (resolution no. 103/19/CIR) in which it recognized the existence of an unfair charge for TIM of a total of 113.4 million euros to be shared between all fixed-line and mobile operators. The share payable by the OAOs amounts to approximately 26.6 million euros, calculated net of installments already paid by the same operators, following the 2004 and 2005 procedures approved "illo tempore". In relation to past disputes, following ruling no. 3388/15 of the Council of State, published on July 7, 2015, on September 11, 2019, the Authority launched the public consultation procedure (resolution no. 102/19/CIR) for an in-depth fixed-mobile substitutability analysis, in line with the path outlined for the 2004-2007 years. In this context, ruling no. 6881 of October 8, 2019, in which the Council of State authorized the return of the shares paid by Vodafone to TIM, for the contested years (1999-2000 and 2002-2003). In light of the above-mentioned Council of State ruling, which completely reversed the Lazio TAR rulings no. 6458, 6459, 6461 and 6463 of May 23, 2018, in execution of which the public consultation pursuant to resolution no. 102/19/CIR was started, the Authority revoked the aforementioned resolution with decision 190/19/CIR.

On July 21, 2020, AGCom launched the public consultation relating to the review of the inequity of the net cost of the universal service 1999-2009. The extension of the time period subject to renewal until 2009 was necessary following the ruling no. 2542/2020 with which the TAR accepted Vodafone's appeal, in terms of fixed-mobile substitutability. The opinions on the years 2004-2007, renewed by AGCom with resolution 103/19/CIR, and on which the TAR has not yet expressed an opinion also hang on the same issue. In compliance with judgment 6881 passed by the Council of State, in its Resolution 263/20/CIR, the Authority defined a new approach to demonstrate the lawfulness of the participation of mobile operators at the net USO cost for the years in question. AGCom's view expressed in the consultation is to recognize prima facie the unfairness of the charge for the years 2002-2009. For the previous years 1999-2000, however, the Authority did not recognize the existence of an unfair charge for TIM.

On March 29, 2021, with the publication of resolution no. 18/21/CIR, AGCom confirmed the obligation of mobile operators to participate in the USO contribution mechanism for the years 2001-2009. Following a challenge of the resolution by Wind and Vodafone, the Ministry of Economic Development suspended the obligation for operators to make payment.

On February 17, 2022, the regional administrative court canceled resolution no. 18/21/CIR, upholding just one of the grounds for appeal submitted by the OAOs challenging the threshold parameter related to the unfairness of the expense (2nd facie) with regards to the economic and financial impacts on the appointed party. Instead, the additional grounds for appeal of the OAOs were rejected by the court.

AGCom published resolution no. on June 27, 2022. 1/22/CIR with which the deadlines established by resolution no. are suspended. 92/21/CIR, already extended by resolution no. 58/22/CONS and resolution no. 143/22/CONS. Also in light of the development of the judgment on resolution no. 18/21/CIR, the conditions envisaged by the law and by the AGCom regulations on administrative procedures for the suspension of the aforementioned procedure do not appear to exist, which could and should be reactivated by the Authority at least for the purpose of calculating the value of the unfair cost, expecting the outcome of the pending disputes solely for the distribution of the relevant shares among the operators.

The Council of State with collegial ordinance no. 3885/2023, published on April 18, 2023, referred the preliminary questions relating to the participation of Mobile Operators in the contribution to the USO Fund to the EU Court of Justice, suspending any other judgment in this regard. The decision of the EU Court of Justice and the Council of State is expected by 2025.

New Regulation containing provisions to protect end users regarding contracts relating to the provision of electronic communications services

On January 3, 2024 AGCom published resolution no. 307/23/CONS containing provisions for the protection of end users regarding contracts relating to the provision of electronic communications services, which repeals resolution no. 519/15/CONS.

The new regulation regulates the pre-contractual and contractual phases and the termination of the contract, applying to all contracts regardless of the time of stipulation with the exception of what is provided for termination costs in the event of withdrawal, which applies only to contracts concluded after the January 3, 2024.

The provisions of the regulation involving developments and interventions on the systems will be implemented within 6 months of its entry into force.

The regulation applies to consumers as well as for various provisions also to micro-enterprises, small businesses and non-profit organisations.

Inflation-indexed offers

Resolution no. 307/23/CONS also regulates contracts with provisions for the adjustment of consumer prices.

According to AGCom, indexed offers (without mark-up) are legal and in the event of an adjustment the customer does not have the right to withdraw without costs.

In order to apply the indexing clauses, however, it is necessary to acquire the customer's express consent (opt-in).

The contracts may not provide for any corrective measures with respect to the full application of the public adjustment index, including the application of thresholds with respect to the index or added mark-ups or minimum increases during the contractual period.

The first indexation cannot take place before 12 months have passed from the signing of the contract.

In the event of a price change of more than 5%, the customer must be able to switch to an equivalent non-indexed offer.

The contractual conditions must provide that the operator has the right to increase the tariffs by an amount corresponding to the increase in the annual consumer price index and is, at the same time, obliged to pass on the reductions in this index by decreasing the tariffs by an amount corresponding to the reduction.

The clauses introduced so far in existing contracts are void if the customer does not "accept" them ex post.

The reference index used to adapt the contracts is the National Consumer Price Index for families of blue collars and white collars (FOI).

Finally, commercial communication must observe stringent transparency requirements on the economic effects of indexation.

Retail mobile network markets

Premium Services

In February 2021, with resolution no. 10/21/CONS, AGCom adopted new measures related to the implementation of digital services with contents in subscription from mobile network. In particular, default barring has been envisaged on the SIMs, namely an inhibition to purchase these services, which can be removed by prior express decision of the customer, and a customer consent acquisition process for individual purchases, through the entry of a temporary password (an "OTP"). This resolution has been appealed against by TIM before the Regional Administrative Court.

With resolution no. 91/22/CONS AGCom sanctioned TIM for failure to comply with resolution no. 10/21/CONS relating to "carrier billing" subscription services, both TIM brands on its own platform and available on third-party platforms, ordering it at the same time to implement the procedure for acquiring proof of consent from the customer in the case of purchases of TIM brand digital services. This resolution has been appealed against by TIM before the regional administrative court on additional grounds.

In February 2023, the Lazio Regional Administrative Court on the one hand partially canceled resolution no. 91/22/CONS, noting that it was unlawful in the part relating to the definition of the sanction, which will now be redetermined by the Authority and, on the other hand, rejecting the main appeal against resolution no. 10/21/CONS.

The Company appealed to the Council of State in May 2023.

In December 2023, with resolution no. 306/23/CONS AGCom accepted the measures implemented by TIM for the purposes of compliance with the Order referred to in resolution no. 91/22/CONS.

Parental Control Services

With resolution no. 9/23/CONS, AGCom has defined specific "Guidelines on systems for the protection of minors from the risks of cyberspace" in implementation of article 7-bis of the legislative decree of April 30, 2020, no. 28, the effects of which came into force from November 2023.

In extreme summary, these Guidelines provide that the parental control system is pre-activated on the offers dedicated/subscribed by the minor, offered "on request" for the other offers (both fixed and mobile) and always free for the end customer.

On the same topic, in October 2023, with legislative decree of September 15, 2023, no. 123 (so-called Caivano Decree), coordinated with the conversion Law of November 13, 2023, no. 159, new obligations have been introduced for terminal manufacturers, who will have to place devices with parental control systems on the market by September 2024. While waiting for manufacturers to make parental control services available, electronic communications service providers ensure the availability of parental control applications.

The same rule placed further information obligations on both device manufacturers and electronic communications service providers on the possibility and importance of installing parental control applications.

Quality of Services

Quality of services included in the Universal Service

The new Electronic Communications Code (introduced by Legislative Decree no. 207/2021, which came into force on December 24, 2021) abrogated Art. 61 of the previous Code, which established a fixing mechanism, with resolutions passed by AGCom, of annual targets for the Quality of the Universal Service that TIM was required to assure as failure to do so would lead to the payment of administrative fines.

The new Code also included Broadband Internet access in the universal service. In this respect, by resolution no. 162/22/CONS, published on June 10, 2022, AGCom launched the procedure aimed at defining, in light of national circumstances and minimum bandwidth available to the majority of consumers in Italy (and taking into account the report by BEREC on best practices), what exactly is an adequate access service to Broadband Internet, necessary to guarantee the participation of all residents in society's social and economic life. Internet access must be able to supply the bandwidth necessary to support at least the minimum set of services pursuant to Annex 5 of the new Code. Thereafter, on December 28, 2022, AGCom submitted a draft order for consultation (resolution no. 421/22/CONS), in which it suggested that adequate Internet access to be guaranteed by way of universal service was a value of 4 Mbps in download.

Following the outcome of the preliminary investigation procedure, with resolution no. 309/23/CONS, the Authority has, however, set the nominal download speed at 20 Mbps for an adequate broadband internet access service.

This connection speed was defined taking into account national circumstances, the quality and technical requirements necessary to support at least the minimum set of services specifically listed in Annex 5 to the Code, as well as the operators' observations acquired as part of the preliminary investigation procedure.

Quality of mobile and personal services

By resolution no. 23/23/CONS, AGCom updated the regulation governing quality and mobile and personal service charters and the regulation of the campaigns for measuring quality of the Broadband data service. The new resolution, amongst others:

- incorporates certain measures envisaged by Regulation (EU) no. 2015/2120 and the related BEREC guidelines on the access to open Internet and, in particular, the obligation to indicate, in the contracts offered by mobile operators, the estimated maximum speed and the publicized speed in both download and upload;
- introduces the obligation to include maps of coverage for the various technologies on operator websites, with a covered pixel granularity of no more than 100 m^2.

Quality of electronic communication services from a fixed location

By resolution no. 405/22/CONS, AGCom started proceedings set to group together and update the regulation governing quality and fixed voice communication service charters and quality and service charters for accessing Internet from a fixed location.

With resolution no. 156/23/CONS of July 31, 2023 AGCom introduced a new directive on the subject of "quality and charters of electronic communications services from fixed locations", merging the two previous directives on "quality and charters of fixed telephony services" (pursuant to resolution no. 254/04/CSP which is simultaneously superseded) and on "quality and charters of internet access services from fixed locations" (pursuant to resolutions no. 131/06/CSP, no. 244/08/CSP as amended and superseded).

The new regulation provides that:

- all provisions of the new directive (including those involving contractual obligations) also apply to FWA lines;
- Schedules showing the technical characteristics of the bids must also include (in addition to "minimum speeds" in download and upload, "maximum connection delay" and "maximum packet loss rate") "maximum speeds" and "normally available speeds" in download and upload:
- in the event of failure by the operator to comply with even just one of the service quality level values, the new directive provides that the customer can terminate the line without any charge (a provision already existing and which is confirmed), or that he can request the contractually foreseen compensation or start a procedure via the ConciliaWeb platform.

Quality of customer assistance service in the electronic communications sector and audiovisual media services

By resolution no. 436/22/CONS, AGCom started proceedings set to update the regulation governing the quality of telephone assistance service to customers in the electronic communications sector, extending it at the same time to include regulation of the digital assistance channels and media-audiovisual sector assistance services. The procedure, extended with resolution no. 155/23/CONS of June 27, 2023, is still ongoing.

Authority fees

AGCom contribution fee

On January 17, 2023, AGCom issued resolutions no. 409/22/CONS, 410/22/CONS and 416/22/CONS relating to the payment of the AGCom contribution fee for the year 2023 (calculated on the 2021 financial statements figures). The guidelines for calculating the contribution fee are unchanged compared to the guidelines for calculating the 2022 contribution fee. For 2023, AGCom has increased the rate, taking it to 1.40 per thousand for electronic communications market and to 2.00 per thousand for “media” services. On the basis of this rate, TIM paid around 16.116 million euros under reserve.

Privacy and personal data protection

General Data Protection Regulation (GDPR), Privacy Code and further applicable legislation on the matter

TIM has had a structured operating model in place since 2003 to ensure the correct application of Regulation (EU) no. 2016/679 at Group level (so-called “General Data Protection Regulation” or GDPR for short), of Legislative Decree June 30, 2003, no. 196 (so-called Privacy Code) and the further applicable legislation regarding the protection of personal data.

In 2023, the renewed corporate privacy model came into force, also carried out following an assessment conducted by two leading consultancy firms from which "substantial conformity" of the Operational Model already adopted by TIM had emerged. In fact, during 2022 and early 2023 a series of improvement activities were carried out, including in particular:

- the execution of a new mapping of personal data processing activities in conjunction with company operational processes with the definition of a new methodology for assessing the privacy risk associated with each processing;
- the review of the processing management process and updating of the Processing Register;
- the introduction of new IT tools, including the one for the management of the Information and the one for the management of the aforementioned Registers, which allow the digitization and integration of the information managed.

At a regulatory level, during 2023, we highlight the importance of the Adequacy Decision of July 10, 2023 with which the European Commission established that transfers of personal data to US organizations/companies that adhere to the "EU-US Data Privacy Framework" are supported by an adequate level of protection, equivalent to that of the EU/EEA. having committed themselves to respecting a series of principles and obligations that have always been considered fundamental for the European Union regarding the protection of personal data. This Decision entails a simplification in the transfers of personal data from TIM or other Group companies to US contractual counterparties adhering to the aforementioned "EU-US Data Privacy Framework" which are equivalent to those towards European counterparts.

The “System of rules for the application of legislation on personal data protection in the Telecom Italia Group” policy, which is the set of operating rules and regulations governing personal data processing in accordance with the provisions of applicable law and regulations, defined specifically for the TIM Group, is kept constantly up-to-date and is available on the corporate intranet.

TIM’s Privacy Department annually schedules specific training plans to raise awareness in the various company departments and illustrate the policies and procedures issued for applying the legislation on personal data processing.

Spectrum

With resolution no. 147/22/CONS, AGCom authorized closure of TIM’s 3G/UMTS service starting June 1, 2022. The frequency resources thus released will be used to strengthen the capacity of the LTE network.

In March 2022, by resolution no. 66/22/CONS, AGCom consented to the request to extend the rights to use TIM’s frequencies in the 3.4-3.6 GHz bandwidth (2x21 MHz in 9 regions of southern Italy), which expire in 2023 and the exchange of a block of 20 MHz with Linkem. This exchange allows TIM to hold 20 MHz nationally on said bandwidth, taking the total available in the bandwidth 3.4-3.8 GHz to 100 MHz. For the purpose of the extension to May 2022, on the basis of the request made by the Ministry of Economic Development, TIM paid approximately 5 million euros to renew the rights of use through to December 31, 2029.

In June 2022, by resolution no. 157/22/CONS, AGCom expressed its opinion in favor of the request to extend the duration of the rights of use of the WLL radio network spectrum in TIM’s band 27.5-29.5 GHz (2x112 MHz FDD) for a further seven years, until December 31, 2029. In exchange for the extension through to July 2022, TIM paid, on the basis requested by the Ministry of Economic Development, approximately 9.68 million euros.

New benefits for disabled consumers

With Resolution no. 290/21/CONS, the Italian Communications Authority (AGCom) defined the new regulation for users with disabilities.

This resolution extends the current beneficiaries of electronic communication services, extending the special tariffs of fixed and mobile network services, currently only granted to the blind and deaf, to also include disabled users with major limitations to walking. To this end, an experimental phase of application of the measures is envisaged, expected to last twelve months, but which may be extended, to obtain information about the new beneficiaries and the effectiveness of the measures adopted. The new beneficiaries could submit requests to adhere within a 90-day time frame running from January 1 to April 1, 2022, with benefits set to start on Saturday, April 30, 2022.

During 2023, AGCom decided to open a new experimental phase until June 2024 and subsequently extended the right to the concession also to offers dedicated to minors.

TIM, which has always paid close attention to the needs of disabled users, decided in both 2022 and 2023 to apply the benefits to disabled users with serious limitations in walking ability beyond the regulatory dictate.

Public telephony

Following the transposition of EU Directive 2018/1972, which leaves the individual Member State the possibility of removing or confirming the obligations in force, the Electronic Communications Code no longer includes public telephony among the services subject to the Universal Service obligation, but refers the matter to a subsequent evaluation.

With Resolution 98/23/CONS of April 19, 2023, the Authority concluded its analysis by recognizing the lack of Universal Service requirements for roadside booths and therefore repealing the related supply obligation on TIM. The booths, therefore, can be removed after verifying the existence of adequate mobile coverage by at least one operator. The verification of mobile coverage will be carried out by TIM during the decommissioning phase and cases of systems not covered will be reported to AGCom, which will be able to suspend the decommissioning while waiting to identify the appropriate solutions. In all other cases, TIM can proceed after posting a specific sign at least 30 days before the scheduled date for decommissioning the system. TIM will have to send a half-yearly report on disused roadside telephone booths.

For public booths located in places of social importance (hospitals with at least 10 beds; prisons; barracks, with at least 50 permanent occupants, in which mobile phone signals are jammed), AGCom confirms, however, the Universal Service obligation. However, the Authority recognizes the need to be able to overcome the traditional conception of the Universal Service for these specific cases and establishes the launch of "a technical table with the aim of defining the new supply technologies and cost management methods burden on the caller of the public telephone service in order to allow the technological upgrade of the fiber optic network".

Golden Power

The Prime Minister established that the Company is subject to the obligations pursuant to Legislative Decree no. 21/2012 (the “Golden Power Decree”, setting out special powers rules) on September 28, 2017, as a business that:

- carries out “activities of strategic importance for the defense and national security system” (as per article 1 of the Decree Law) and

- possesses networks and systems "necessary to ensure the minimum supply and operation of essential public services" and goods and relationships "of strategic importance for the national interest" in the communications sector (as per article 2 of the same Decree Law).

The regulatory architecture relating to TIM, consequently, involved a first phase in 2017 on the issue of the Prime Ministerial Decrees of October 16 and November 2, 2017.

With the measure of October 16, 2017, the Presidency of the Council of Ministers exercised the special powers provided for in Article 1 of the Golden Power Decree by imposing specific requirements and conditions on TIM and its subsidiaries Sparkle and Telsy, including, in particular, the obligation to ensure the presence on the respective Boards of Directors of a Security Chief Executive Officer - currently coinciding with the Chief Executive Officer - (who has Italian citizenship and security authorization), as well as the establishment of a Security Organization unit.

With a ruling on November 2, 2017, the Prime Minister's Office also exercised the special powers provided for in article 2 of the Golden Power Decree, through the imposition of further requirements and conditions with the aim of assuring suitable development plans, able to guarantee a continuity of supply of the Universal Service. Furthermore, with Prime Ministerial Decree of November 16, 2020, the Presidency of the Council of Ministers following the notification presented by TIM regarding the corporate operation concerning FiberCop S.p.A., exercised special powers through the imposition of specific provisions referring to the networks and systems included in the business unit transferred to FiberCop. With these provisions, the Government has requested the adoption of adequate development, investment and maintenance plans necessary to guarantee the continuity of the Universal Service.

The government's ruling has subsequently evolved through Decree Law no. 21/2022 (Urgent measures to combat the economic and humanitarian effects of the Ukraine crisis), converted with amendments by Italian Law no. 51/2022, which introduced new features regarding both corporate management and 5G technology-based communication services.

As regards the latter issue, by this Decree, the legislator renewed the close attention paid to 5G, insofar as an activity of strategic importance for defense and national security, extending the scope of reference from the non-EU supplies taken as reference by the previous Law no. 41/2019 to include any supply relating to 5G, regardless of the geographic location in which the supplier is based, and redefined the State's special powers. More specifically, the Decree made it mandatory for companies to preventively notify the Presidency of the Council of Ministers an Annual Purchasing Plan of goods and services in 5G technology, with the possibility of making four-monthly updates.

The Plan is subject to approval by the government, which may potentially also lay down conditions or requirements; failure to notify results in a sanction being applied to the company in the amount of up to 3% of its turnover.

National Cyber Security Perimeter

The framework of provisions regarding National Security has flanked the Golden Power regulations with those relating to the National Cyber Security Perimeter (PSNC), established by Law no. 133 of November 18, 2019, converting Decree Law 105/2019.

The regulations in this area are hinged on three elements, governed by the subsequent implementing decrees, which constitute the same number of obligations for TIM, as strategic operator: the adoption of security measures aimed at guaranteeing high security levels for ICT assets, the secure award of ICT supplies and the notification of security incidents.

Compliance with the obligations laid down by regulations governing the PSNC means, for TIM, an impact in organizational terms and as regards operative processes, in line with the restrictions aiming to guarantee a high level of security of networks, information systems and the computer services of public administrations, public and private operators and entities based in Italy, in consideration of the fact that such elements are responsible for the performance of a service that is essential for the maintenance of civil, social or economic activities, fundamental for the interests of the State and the malfunctioning, interruption, even partial, or improper use of which could damage national security.

Failure to comply with regulatory obligations on TIM entails administrative sanctions that can reach up to 1.8 million euros. Furthermore, the use of products and services in the absence of communication or passing of the tests or in violation of the established conditions may lead to the application of the additional administrative sanction of inability to assume management, administration and control roles in legal entities and in companies, for a period of three years starting from the date of discovery of the violation. Finally, anyone providing information, data or elements of fact that are not true, in order to hinder or impact procedures and inspections and supervision, shall be punished by imprisonment from one to three years.

Urgent measures for simplification and digital innovation

As regards the measures by which to speed up the country's infrastructure process, in continuity with Decree Law no. 76 of 2020, the "Simplifications Decree", additional measures to simplify have been introduced, which are summarized below.

- **Decree Law no. 77/2021** ("Governance of the National Recovery and Resilience Plan and first measures to strengthen the administrative structures and speed up and streamline the procedures"), which introduced important simplification measures to speed up completion of both the 5G networks and networks in optic fiber and Ultrabroadband. The Decree was definitively approved, with amendments, by Law no. 108 of July 29, 2021.

- **Decree-Law no. 21/2022** ("Ukraine"), converted into law with amendments by Law no. 51 of May 20, 2022, which introduced additional measures to simplify the installation of telecommunications networks, envisaging:

- the elimination of the obligation to submit documentation related to the electromagnetic emissions for the installation of infrastructures, such as poles, towers and pylons used to host the radioelectric plants;
- benefits for developing TLC networks awarded with concession tenders. More specifically, the holders of concessions for the development of telecommunications networks awarded with tender procedures can proceed to carry out works also through their subsidiaries and in derogation of any conventional clauses.

- **Decree-Law no. 36/2022** ("PNRR2"), converted into law with amendments by Law no. 79 of June 29, 2022, which introduced new measures in favor of electronic communications companies. More specifically, by means of timely changes to the Electronic Communications Code, additional simplifications have been introduced to the authorization procedures for radioelectric plants and the reach of the ban imposed on local entities to charge operators for occupying public land, has been extended. In addition, until December 31, 2026, there is no need to complete the incidence assessment procedure for digs less than 200 meters long needed to install Ultrabroadband infrastructure**.**
- **Decree Law no. 187/2022** ("Lukoil Decree"), as amended by Law No. 10 of February 1, 2023, introduced into the legislation a regulatory provision on the subject of tenders for digital infrastructure, which delegates to AGCom, after hearing the opinion of MIMIT, the determination of the technical standards to be met by the successful bidders of the tenders (published after the conversion of the DL in question into law) for the creation of the fiber optic network infrastructure, taking into account the strategic nature of the infrastructure and in order to ensure the national interest in a network that guarantees high performance services.
- **Legislative Decree no. 13/2023** ("PNRR3"), converted with amendments by Law no. 41 of April 21, 2023, which introduced further measures regarding the simplification of the procedures for installing ultrabroadband infrastructure (Art. 18). The regulatory interventions regard:
  - the simplification of the process for issuing the traffic ordinance (to be adopted within the peremptory deadline of 10 days from the date of receipt of the request);
  - the 24-month extension of the authorizations (issued on April 22, 2023) for UBB infrastructures;
  - the introduction of simplification measures for the issue of seismic authorization;
  - the exemption from the obligation to obtain environmental authorizations for interventions carried out using the micro-trench technique;
  - the harmonization of municipal competences on the installation of TLC plants with framework Law 36/2001;
  - the extension of the subjects called to attend the service conferences;
  - the presentation in digital format and via certified e-mail of authorizations for the installation of mobile telephony systems;
  - the reduction of the deadline (in Services conference) from 90 to 60 days for the formation of silent consent relating to the conclusion of the procedure for the mobile authorization requests;
  - coordination instructions between the excavations decree and CCE on the ban on imposing charges/expenses.

  In terms of NRRP tenders, the Legislative Decree has provided:
  - **Advance payments for tenders for Italy 1 Giga, 5G backhauling and densification.** The extension to the indicated tenders of the application of the regulatory provision of the Procurement Code which recognizes an advance of up to 30% of the overall value of the contract.
  - **BUL White Areas Plan – Advance**. The Revolving Fund (L.183/1987) is authorized to grant MIMIT an advance, community shares and national co-financing of programs co-financed by EU structural funds (EAFRD) up to a limit of 100 million euros for 2023.

- **Directive of the Prime Minister of November 2, 2023 on administrative simplification for the construction of TLC infrastructures within the NRRP ("Butti" Directive).**

  The Directive aims to disseminate lines of action to simplify the authorization process for the creation of the digital infrastructures of the NRRP ("Italy at 1 Giga", "Italy 5G", "Scuola connessa", "Sanità connessa" and "Collegamento Isole minori" [Connected School, Connected Healthcare and Connected Minor Islands]). This objective is also pursued by overcoming the difficulties in issuing permits and further stimulating collaboration with local authorities, also through obligations for the Public Administration (PA). In the event of delays or inertia on the part of the PA, intervention mechanisms are envisaged by the Department for digital transformation. Principles introduced by the Directive:
  - communication infrastructures are similar to **primary urbanization works**;
  - the subjects holding administrative skills guarantee **full institutional and administrative collaboration**;
  - for the installation of electronic communications networks by laying optical fiber**, building and urban planning regulations do not apply**;.
  - for the request for document acquisition the "***once only*" principle**applies;
  - **preliminary checks are recommended** to identify cases where authorization can be almost immediate;
  - **ordinances that could hinder the development of infrastructure are prohibited**;

- the authorization procedures must be concluded within the legal deadlines;
- **procedures for installing mobile systems**: for acquisition of documents/opinions, etc. the manager calls the services conference within 5 days; requests for authorization are considered accepted if, within 60 days of presentation of the project, no denial/negative opinion/dissent has been expressed; after this deadline, within 7 days, the administration communicates the authorization; once this deadline has expired, self-certification is sufficient;
- **procedures for the installation of civil works, excavations and occupations of public land**: the provisions of Art. 49 of the CCE remain unchanged;
- **procedures for the installation of ultrabroadband infrastructures**: what has already been established by Art. 40 of the NRRP Governance Decree remains unchanged.

New Electronic Communications Code

Italian Legislative Decree no. 207 of November 8, 2021 setting out the "Implementation of Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018, establishing the European Electronic Communications Code, was published in the Official Journal on December 9, 2021 and came into force on December 24, 2021.

The new Code reviews and replaces the previous regulatory framework and introduces important new features including, in particular, the following:

- **to foster the copper-fiber migration of customers**: the user must allow operators to perform technological adaptation works on the access networks, aimed at improving the connection (without changes to the economic conditions);
- **contract duration**: provide for an initial contract duration of no more than 24 months and introduce at least one commercial offer of a maximum initial duration of 12 months;
- **sanctions**: far more severe, particularly as concerns violations of user protection;
- **right of withdrawal in the event of ius variandi**: extension of the deadline to exercise the right of withdrawal (60 days from communication of the contractual changes instead of 30 days);
- **right of withdrawal**: it is stressed that the provisions of Art. 1 of Decree Law 7/2007 (Bersani Decree Law) remain in place but the deactivation cost should be eliminated in the event of termination/withdrawal after contract expiry (12/24 months) and the faculty is introduced for the customer to return the network terminal equipment before the agreed contract end date, at no extra cost;
- Universal Service**:** inclusion of the service to access Broadband Internet with a bandwidth that enables the inclusion of all citizens in the country's social and economic life (Art. 94). AGCom currently has proceedings in progress aimed at defining the adequate bandwidth. A review is envisaged of the existing obligations, by the Minister, by December 21, 2022 (deadline not respected) and thereafter every 3 years (Art. 97). In particular, the Code draws a distinction between coverage obligations and obligations relating to the supply of services.

The Ministry for Business and Made in Italy, in order to obtain market orientation on the application of the new sector legislation, one year after the entry into force of the Legislative Decree in question, launched a review on May 12, 2023. market consultation, aimed at market operators in electronic communications networks and services, closed on June 15, 2023, on the corrective measures to Legislative Decree of November 8, 2021, no. 207.

Following the market consultation, on December 18, 2023 the Council of Ministers approved, in preliminary examination, a **legislative decree which introduces corrective provisions to the Legislative Decree of November 8, 2021, no. 207**.

The text, submitted to Parliament on December 22, 2023 for the required parliamentary opinion following which it will return to the Council of Ministers for final approval, updates and adapts the current provisions to evolution, of the technology relating to electronic communications services (5G connection), in particular the innovation and creation of digital infrastructures (repeaters for 5G connections; fiber-optic cables), which also makes corrections to the procedural rules with a view to simplifying and reducing bureaucratic delays. Among the new features introduced:

- **Customer identification/SPID**. For customer identification in cases of new activation and number portability or SIM change, digital identity systems are equivalent to identity documents for all legal purposes.
- **Legal Restrictions on ownership/Mobile Network**. The possibility for operators to access the common areas of buildings has also been extended for mobile network development activities**.**
- **Prohibition of limitations on installations by Regions/Bodies**. Regions and local authorities do not limit the possibility of installation to particular areas of the territory, without prejudice to the specific provisions for the protection of areas of particular historical-landscape or environmental value or protection from exposure to electromagnetic fields of sensitive areas, having, in which case, still ensure an alternative location that ensures the same effect.
- **Installation of systems/Forms**. The description of the installed system, to be sent to the Municipalities, must be carried out on the basis of the forms prepared by the local authority, where absent on the basis of specific attachments indicated.
- **Authorization procedures for radioelectric plants.** The authorization request must be submitted via the electronic portal, otherwise via certified e-mail. Installations and modifications to the transmission characteristics of systems with a maximum power at the antenna connector less than or equal to 10 watts and with a radiating surface size not exceeding 0.5 square meters are subject to self-certification of activation.

- **General authorization for electronic communications networks and services**. A new annex has been introduced for the reporting for the transfer of the general authorization for the offer to the public of electronic communications networks and services. This report replaces the SCIA.
- **Definitions**
  - ***access point***. Defined as "network device that allows access to a variable number of users between a LAN radio network and an electronic communications network";
  - **indirect unique identification of the user**. It is carried out by acquiring the technical identity previously validated and registered by other public entities or operators of a public utility service;
  - **electronic communication system**: set of network devices that includes the equipment and infrastructure necessary for the transmission, reception and processing of electronic signals and that allows communication between individuals or devices.
- **Sanctions**
  - the sanctioning system remains virtually unchanged. It is specified that the turnover achieved in the electronic communications market (instead of the market to which the non-compliance relates) will be taken into account in determining the amount of sanctions for non-compliance with orders, warnings, and acts of a regulatory or supervisory nature;
  - introduced a new sanctioning hypothesis in the case of failure to identify users who request telephone SIM activations (in coherence with the amendments to Art. 98 undetricies - Identification of users);
  - sanctions in violation of article 98-decies can also be imposed on parties who are not suppliers of electronic communications networks and services (from 50 thousand euros to 1 million euros);
  - introduced a mechanism for reducing the fine equal to 1/3 of the statutory minimum in the event that the offender pays within 10 days of the notification.
- **Geographic mapping of network installations and connectivity service offerings**:
  - the geographical mapping of the coverage of networks capable of providing broadband by the Ministry and AGCom has been postponed to December 21, 2024 (instead of 2023);
  - the mapping must also report the degree of use of the networks;
  - the information released by companies on network installation plans has the nature of binding declarations and implies the obligation to report on the state of implementation of the network installation plans subject to the declaration;
  - designated areas. The Ministry may designate areas in which it has ascertained that no company or public authority has installed or intends to install a network that guarantees performance equal to a download speed of at least 300 Mbps (currently 100 Mbps).

Increase in energy prices

In order to fight the rise in prices of gas and electricity, also in 2023 the Government took numerous urgent legislative steps to support energy-intensive and less energy-intensive businesses and gas-intensive and non-energy companies. Below are the decree laws that were adopted, with a brief explanation of the main measures.

Law no. 197 of December 29, 2022 (the "2023 Budget Law")

- Increase in value **of tax credit** for energy and gas for the 1st quarter of 2023 (35% electricity and 45% gas);
- zeroing for the 1st quarter 2023 of **general system charges** in the electricity sector but only for low voltage users with available power of up to 16.5 kW;
- extension of **VAT at 5%** for methane gas supplies for consumption for the 1st quarter 2023;
- extension of the "sterilization" of **general system charges in the natural gas sector** for the 1st quarter 2023: confirmation of the rates of general system charges in force in the 4th quarter 2022;
- elimination of system charges to finance nuclear decommissioning.

Decree Law no. 34/2023 ("Aid quinques Decree")

- Extension to June 30, 2023 of the **energy tax credit (10%)** recognized to companies with available power meters equal to or greater than 4.5 kW **other than companies with high energy consumption**;
- Extension to June 30, 2023 of the **tax credit for gas (20%)**, for energy uses other than thermoelectric uses;
- **VAT extension (5%) to June 30, 2023** on the supply of methane gas used for combustion for civil and industrial uses, and elimination of **general charges in the gas sector**.

Legislative Decree no. 57/2023 ("Regasifiers")

- **Zeroing** of the rates of the tariff components relating to **general system charges for the gas sector until September 30, 2023**;
- **VAT extension (5%) until September 30, 2023, on the supply of** methane gas used for combustion **for civil and industrial uses**, and for the supply of **district heating services** as well as the **supply of thermal energy produced with methane gas in execution of a contract energy service** for the provision of goods and services necessary to maintain comfortable conditions in buildings.

Legislative Decree no. 131/2023 ("Energy and savings protection")

- Zeroing for the fourth quarter of 2023 of the rates of the tariff components relating to general system charges for the gas sector;
- VAT extension (5%) for the fourth quarter of 2023, on the supply of methane gas used for combustion for civil and industrial uses, and for the supply of district heating services as well as the supply of thermal energy produced with methane gas in execution of a supply contract energy service for the provision of goods and services necessary to maintain comfortable conditions in buildings.

Financing of operations relating to companies of strategic importance - Ministry of Economy and Finance (MEF) entry into NetCo

Legislative Decree 104/2023 ("Assets")

For the purposes of carrying out operations relating to companies of strategic importance, including the acquisition or reacquisition of shareholdings, it authorizes spending up to a maximum limit of 2,525 million euros for the year 2023 and delegates the definition of the corporate operations to be carried out to one or more subsequent Prime Ministerial Decrees.

Prime Ministerial Decree of September 1, 2023

The Prime Ministerial Decree authorized state participation, with a maximum outlay of 2.2 billion euros, through the acquisition by the Ministry of Economy and Finance of a share in NetCo (up to a maximum of 20%).

Annual law for the market and competition 2022 (Law 214/2023)

The provision, which came into force on December 31, 2023, provides:

Adjustment of electromagnetic exposure limits

- Within 120 days from the date of entry into force of the law, a Prime Ministerial Decree may be issued (in agreement with the Ministry of Health and subject to agreement in the Unified Conference) to adapt the exposure limits, attention values and quality objectives to the EU recommendations.
- If an agreement is not reached within the next 30 days, a Prime Ministerial Decree may still be issued by the Prime Minister with new values.
- After this deadline (120 + 30 days) the following values are set on a provisional and precautionary basis:
  - 15 V/m as regards the electric field intensity E;
  - 0.039 A/m as regards the magnetic field intensity H;
  - 0.59 W/m2 regarding power density.

Dedicated offers

Providers of electronic communications networks or services cannot make dedicated offers with reference to cases in which information acquired through a database is used for the portability of mobile numbers.

Countering the illicit dissemination of content protected by copyright via electronic communications networks (Law no. 93/2023)

The provision provides:

Implementation of an automated technological platform

- In order to strengthen the fight against online piracy actions via electronic communications networks, the implementation of a single technological platform with automated operation is envisaged through which Internet Service Providers, following a provision adopted by AGCom, at the request of the owner or licensee of the right, will have to disable access to content disseminated illegally by blocking the DNS resolution of domain names and the routing of network traffic to IP addresses intended for illegal activities.
- The list of domain names and IP addresses through which the contents disseminated illegally are made available is updated by the owner of the rights or their assignees and communicated directly and simultaneously via the platform to AGCom and to the recipients of the measure which they must promptly remove or disable, in any case within a maximum of 30 minutes from communication. In the case of live events/premieres, the shortened precautionary measure, adopted by AGCom following the request of the rights holder, must be executed before the start or at the latest during the broadcast. For each violation found, AGCom may apply an administrative fine of 10 thousand euros up to 2% of the turnover achieved in the last financial year closed before notification of the dispute.
- AGCom with Resolution no. 321/23/CONS defined the technical and operational requirements for the operation of the single technological platform with automated operation. ISPs are required to accredit themselves to the platform by the deadline of January 31, 2024.

Revision of the Consolidated Law on Audiovisual Media Services (TUSMAV)

Following the market consultation of the Ministry for Business and Made in Italy, carried out in July 2023, on the corrective measures to Legislative Decree November 8, 2021 no. 208 (TUSMAV), the Council of Ministers of December 18, 2023 approved, in preliminary examination, a legislative decree which introduces corrective provisions to Legislative Decree 208/2021. The provision, transmitted to Parliament on December 22, 2023 for the required parliamentary opinion following which it will return to the Council of Ministers for final approval, intends to integrate the TUSMAV by aligning it with the changes made to European legislation of reference, determined by the rapid technological evolution of the media and digital services sector.

As regards the obligations of suppliers of on-demand audiovisual media services (TIMVISION), as part of the corrective measures introduced, we specifically highlight:

- the increase in the investment quota intended for the purchase, pre-purchase and production of works of original Italian expression. The sub-quota referring to original Italian works, produced everywhere by independent producers (in the last 5 years), of which 1/5 are cinematographic works, has been increased from 50% to 60%;
- the investment obligations in EU works for 2024 are equal to 20% of net revenues in Italy;
- the elimination of the use of secondary regulation for the identification of additional sub-quotas of investment in audiovisual works of original Italian expression by independent producers, as well as for the time limitation of the rights of use and exploitation of the works and for the ways in which they are exploited on different platforms;
- the sanction regime is unchanged compared to Legislative Decree 208/202 (which in the event of violation of planning or investment obligations provides for sanctions from a minimum of 100,000 euros to a maximum of 5,000,000 euros and up to 1% of the annual turnover if the value of this percentage is greater than 5 million euros).

Brazil

Revision of the model for the supply of telecommunications services

In 2019 Law no. 13,879 was approved, that came into force on October 4, 2019, establishing a new regulatory environment for the regulation of telecommunications in Brazil. This is the most significant change in 20 years.

The new telecommunications framework allows fixed-line licensees to adapt their contracts from a concession scheme to an authorization scheme. This transition from concession to authorization must be requested by the licensee and requires the approval of the Anatel ("Agencia Nacional de Telecomunicações"). In return, licensees must, among other conditions, make a commitment to investment in expanding fixed Broadband telephony services to areas with no adequate competition for these services, in order to minimize inadequacies and inequalities between areas of Brazil.

The change also affects the roles for authorizing the use of radio frequencies, establishing subsequent renewals (previously limited to only one) and allows the exchange of radio frequencies between operators (secondary spectrum market).

In June 2020, Decree no. 10,402 was published, which governs the procedure for adapting the concession to the authorization regime, as well as the definition of the criteria for calculating investment commitments. The decree also established guidelines for the extension of radio frequency authorization, which will be held by Anatel to guarantee greater security for investments in the sector.

Public policies applicable to the telecommunications sector

Decree 9612/2018 (“Connectivity Plan”) established another series of important rules, with a series of guidelines for the adaptation of conduct terms, the onerous concession of spectrum authorization and regulatory acts in general, including: (i) expansion of high capacity telecommunications transport networks; (ii) increased coverage of mobile Broadband access networks; and (iii) broadening the coverage of fixed Broadband access network in areas with no Internet access through this type of infrastructure. This decree also establishes that the network resulting from the commitments must be shared from the moment it enters into service, except where there is adequate competition in the relevant reference market.

In relation to the deadlines for the development of pipelines not compliant with current regulations, authorizations for user licenses to radio frequencies, and the introduction of other statutory provisions generally, planned investments will focus primarily on the expansion of mobile and fixed-line Broadband networks and on specific areas of the country. Telecommunications networks built under the investment plan will have shared access. The decree was amended by Decree no. 10,799/2021, which included public policy priorities for covering "census areas with public schools"; coverage of population centers not served by mobile telephone and the expansion of fixed access to Broadband in places without access. The decree was amended by Decree no. 11.299/2022, which envisaged the possibility of a private federal network managed exclusively by Telebras (Brazilian state company).

The decree also provides for the assignment of funds for the approval of projects approved by Connected Cities and for the temporary supply of fixed or mobile Broadband. In addition, it regulates the private federal network, which can be carried out by other public or private entities or organizations and the criteria for the use and management of the network will be defined by the Federal Government under the terms established in a deed of the Ministry of State for Communications.

In 2020, Decree no. 10,480/2020 was published by the federal government, which regulates the antennas law (Law no. 13,116/2015) with the purpose of encouraging the development of the telecommunications network infrastructure. This decree fosters development of telecom network infrastructure and is a major step towards removing historical problems in the sector preventing its development (free right of way on highways and railways, positive silence, small cells, dig once are some of the examples of such regulatory removal of historical problems).

That same year, Law no. 14,109/2020 authorized the use of FUST (Fund for the Universalization of Telecommunications Services), including by the private sector, to expand connectivity in rural or urban areas with a low human development Index (HDI) as well as policies for education and tech innovation of services in rural areas. In June 15, 2021, Provisional Measure no. 1,018/2020 was transformed into Law No. 14,173/2021, reducing charges for satellite internet terrestrial stations and changing some of FUST application rules. The law reduces FUST collection between 2022 and 2026, to telecommunications operators that run universalization programs approved by the Anatel Board of Directors, with resources from the operators themselves. The benefit will be valid for five years from January 1, 2022 and will be progressive: 10% in the first year; 25% in the second year; 40% in the third year; and 50% from the fourth year onwards. In addition, the new legislation removes the obligation to share towers within a distance of less than 500 meters from each other. The elimination of this obligation is essential for the deployment of 5G in Brazil, including to ensure the densification scenario expected for the new technology.

In the first quarter of 2022, the Federal Government signed Decree no. 11,004/2022, which regulates the use of Fust and establishes directions for the use of resources by the Management Board, instituted in June 2022. At the beginning of July, the internal regulations of the Fust Management Board were published and a budget for 2023 was proposed for digital inclusion. In the second half of 2022, the management Board defined, in its Resolution 02/2022, further details on the mechanisms for using the FUST, clarifying the role of the financial agent, the accountability mechanism and the Anatel function in the application of the reduction of the contribution in the waiver mechanism. The Board also unveiled connectivity programs for public elementary schools and projects to expand connectivity and grants for low-income users.

Revision of the Service Quality Regulation

In December 2019, Anatel approved the new Telecommunication Services Quality Regulation (RQUAL), based on a reactive regulation. In this new model, quality is measured on the basis of three main indicators – a Service Quality Index, a Perceived Quality Index and a User Complaints Index – and operators are classified into five categories (A to E). Based on this reactive regulation, Anatel will be able to take measures according to specific cases, such as consumer compensation, the adoption of an action plan or the adoption of precautionary measures to ensure quality standard improvements.

Following the joint work of Anatel, operators and the ESAQ (“Quality Assurance Support Authority”) to define the objectives, criteria and reference values of indicators, late November 2021, the Anatel Board of Directors formalized the reference documents supporting this regulation: the Operating Manual and the Reference Values; it also established the operational entry into force on March 1, 2022. Currently the results of the quality indicators are already published monthly by the Agency on its website, in particular in relation to the Quality Label (which stimulates competition in quality). In November 2023, the Agency established the temporary and partial suspension of the document on reference values and quality labels for the years 2022 and 2023 and granted a period of 120 days for the submission of a new proposal for method and parameters for the definition of quality brands.

Review of the General Regulation on Consumer Rights (RGC)

In November 2023 Anatel published Resolution no. 765/2023, the New General Regulation on Consumer Rights ("RGC"), which revokes Resolution no. 632/2014 and establishes new general rules for customer service, billing and offers, applicable to fixed-line, mobile, broadband and cable TV customers. The new RGC will come into force in nine months as regards the general rules and in fifteen months as regards the registration of offers and the price adjustment rules.

Data protection

On August 14, 2018, the LGPD (“General Data Protection Law” no. 13,709/2018) was promulgated.

In December 2018, Provisional Measure 869/2018 created the ANPD (National Data Protection Authority), also extended the entry into force of the Law to 24 months (August 2020).

In June 2020, Law no. 14,010/2020 deferred the coming into force of the LGPD, only for the provisions related to fines and penalties, to August 2021. The other provisions of the law took effect in September 2020. Furthermore, in August 2020, Decree no. 10,474/2020 came into force, which establishes the ANPD (Brazilian National Data Protection Authority), responsible among other things for: developing guidelines for the National Data Protection Policy; supervising companies and applying sanctions; and issuing regulations and procedures on personal data protection.

In August 2021, articles relating to supervision and sanctions by the National Authority (ANPD) came into force.

In October 2021, the regulation (CD/ANPD no. 1 of October 2021) was approved for the supervision and sanction administrative process, under the scope of competence of the ANPD.

In January 2022, the regulation (CD/ANPD no. 2 of January 2022) was approved implementing the LGPD for small processing agents.

In June 2022, a Provisional Measure no. 1,124 was published, transforming the Brazilian National Data Protection Authority (“ANPD”) into an independent agency of special nature. The Provisional Measure has an immediate effect but must be subject to a Congressional approval to be made into law.

In October 2022, Provisional Measure no. 1,124 was converted into Law no. 14,460/22, transforming the Brazilian National Data Protection Authority (“ANPD”) into an independent agency of special nature.

In December 2022, the new incident report form was published, with the obligation to report any breach of personal data.

In January 2023, the ANPD became a self-sufficient entity connected to the Ministry of Justice and Public Safety.

Digital Transformation, IoT and Artificial Intelligence

In March 2018, the E-Digital Decree (Decree no. 9,319/2018) was published, in order to identify about 100 strategic actions to encourage competition and the country's level of online productivity, while increasing connectivity and digital inclusion levels. These actions seek to address the digital economy's main strategic questions, including connectivity infrastructure, data use and protection, the IoT and IT security.

In November 2022, the MCTI (Ministério da Ciência, Tecnologia e Inovação) published the Order ("Portaria") no. 6,543, which approved the Brazilian digital transformation strategy ("E-Digital") for the 2022-2026 cycle. This regulation has established actions focused on assuring growth of the telecommunications market, industry 4.0, education, the market and international practices, the digitization of government platforms, privacy and security.

The Decree on the National Plan for the Internet of Things (Decree no. 9.854/2019) was published in June 2019, to regulate and promote this technology in Brazil. The IoT is referred to as the "infrastructure integrating the provision of value-added services with the ability to physically or virtually connect things using devices based on existing information and communication technology and their evolution, with interoperability". The Decree lists the following topics, defining them as necessary to further support the National Plan for the Internet of Things: (i) science, technology and innovation; (ii) international integration; (iii) professional education and training; (iv) connectivity and interoperability infrastructure; (v) regulation, security and privacy; (vi) economic feasibility.

In order to develop an IoT environment in the country, Law no. 14,108/2020 was passed. This law exempts base stations and equipment that integrate machine-to-machine (M2M) ecosystems from FISTEL (an administrative tax collected by Anatel) for 5 years and, in addition, extinguishes the previous license. The definition and regulation of M2M communication systems are established by Anatel.

In April 2021, the Brazilian Strategy for Artificial Intelligence was published by MCTI with the objective of guiding the actions in favor of the development of research and innovation in solutions with the use of Artificial Intelligence, as well as its conscious use and ethical and ensuring innovation. A commission of legal experts was established in February 2022 with the aim of developing a legislative proposal that addresses the challenges and opportunities of AI in Brazil. In April 2022, a Public Consultation was launched by the Senate in order to discuss the new regulatory framework for artificial intelligence in Brazil. The public consultation is carried out by a commission of specialized jurists who will have to deal with the following matters: economic-social contexts and benefits of artificial intelligence (AI); sustainable development and well-being; innovation; AI research and development (resource funds and public-private partnerships); public security; agriculture; industry; digital services; information technology; and robots in the healthcare sector.

Law No. 2,338/2023, the result of the work of the committee of legal experts, was submitted to the Brazilian Congress in 2023. The proposal establishes principles, rules and guidelines to govern the development and application of AI in the country. A new version of Law no. 2,338 is expected for 2024 from the rapporteur of the Temporary Committee.

5G Auction

In February 2021, the Anatel Board of Directors approved the public notice for the 5G Auction. After which, the Brazilian federal court of auditors (TCU) assessed the matter, which was completed on August 25, 2021. The auction returned for analysis to Anatel, which on September 24, 2021 approved the notice. The auction envisaged in the second half of 2021 was held in November 2021. TIM acquired 11 lots, with a total value offered of 1.05 billion reais, in 3 frequency bandwidths: 3.5 GHz, 2.3 GHz and 26 GHz. The bandwidths acquired have a series of obligations that must be satisfied with financial contributions or the construction of mobile and fixed network infrastructures. Consequently, TIM guarantees the spectrum capacity necessary to pursue its growth nationally on the mobile market, being ready to respond to its customers' demands and to explore new applications and develop innovative solutions calling for high-speed connectivity and capacity.

The main commitments associated with each bandwidth are:

- 2.3 GHz: 4G coverage in certain municipalities and areas (south and south-east regions);
- 3.5 GHz: 5G coverage in all municipalities with a population of 30,000 or more until 2029 plus fiber backhaul obligations in 138 municipalities plus additional contributions to a new entity (EAF) to implement the following projects: cleaning up the 3.5 GHz, deploying fiber in the Amazon, and building a private network for exclusive use by the federal government;
- 26 GHz: contributions to a new entity (EACE) for the implementation of school connectivity projects.

Standards for reporting sustainability information

On October 20, 2023, the Brazilian Securities Commission (CVM) published resolution no. 193, which provides for the preparation and disclosure of financial information reports relating to sustainability, based on the international standard issued by the International Sustainability Standards Board (ISSB). The CVM highlights in the document that the decision took into account the recommendations of the International Organization of Securities Commissions (IOSCO), arriving at the conclusion that these standards provide an effective and proportionate global framework of information intended for investors, which serves to help financial markets global organizations to assess the risks and opportunities related to sustainability.

The resolution provides for companies listed on the stock exchange, investment funds and securitization companies the right, on a voluntary basis, to prepare and publish financial information relating to sustainability, based on the international standard issued by the ISSB, starting from financial years starting on January 1, 2024 or later. It also establishes the obligation for publicly listed companies to prepare and publish sustainability-related financial information, based on ISSB standards, starting from fiscal years starting on or after January 1, 2026.

With this resolution, Brazil has become one of the pioneer countries in the adoption of ISSB standards.

COMPETITION

Domestic

The market

During 2022, the Italian telecommunications (TLC) market showed a significant reduction in revenues (-3.3% YoY) both for the fixed network (-1.7% YoY) and for the mobile network (-5.3% YoY)[1].

This market remains highly competitive, with a telecommunications price index constantly decreasing year on year, also confirmed in 2022 (-2.83% YoY), despite the simultaneous growth of the general consumer price index (+11.60% YoY)[2].

During the first half of 2023, a slight increase in total revenues was recorded (+0.3% YoY) due to a significant increase in fixed network revenues (+3.4% YoY) almost completely offset by a reduction in mobile network revenues (-3.5%% YoY)[3].

The development of broadband and ultrabroadband continues to be the main element of the evolution of the market, favoring the progressive increase in traffic carried by the networks, both for fixed lines (+12.9% year on year, the increase in traffic total fixed network in the third quarter of 2023) and for mobile (+22.3% year on year, the increase in overall daily traffic in the mobile network in the first nine months of 2023).

A large part of this traffic is generated by the services offered by Over The Top (OTT), which do not contribute to the development of the Internet infrastructure to the same extent as the traffic generated on it; This is why the TLC operators have been asking the European Commission for some time to provide for a contribution mechanism on the part of the OTTs in favor of the operators capable of compensating for the imbalance between the level of traffic generated in the networks and the contribution made to their development and maintenance (so-called Fair Share).

Following this request, the Commission launched a series of initiatives, including the inclusion of some questions on Fair Share in the consultation launched on the future of the electronic communications sector and related infrastructures.

With regards to the current positioning of the telecommunications operators in convergent markets, certain trends are seen, already mentioned above with different levels of evolution:

- the development of new services in the sector of media and entertainment (TV, Music, Gaming) and new digital services (smart home, digital advertising, mobile payment-digital identity);
- the development of innovative services in the IT market, particularly Cloud, IoT and Cybersecurity services.

Competition in the fixed telecommunications sector

The fixed-line telecommunications market has continued to see a downturn in access and voice revenues, while Broadband and Ultrabroadband revenues have shown growth. In recent years, service providers have concentrated mainly on expanding the penetration of Broadband and Ultrabroadband services by introducing bundled voice, Broadband and service deals in a highly competitive environment with consequent pricing pressure.

The retail market continues to progressively increase the level of competition, with the HHI concentration index decreasing year on year.

In September 2023, total Fixed Access was 20.08 million and recorded a significant decline on a quarterly basis of -91 thousand (-0.5% QoQ) and on an annual basis of -215 thousand (-1.1% YoY). TIM is the leading operator with a market share of 40.2%, down by -1.1 percentage points YoY; Vodafone follows with a market share of 15.9% stable YoY. WindTre has a market share of 14.0% (-0.2 percentage points YoY) while Fastweb records a market share of 13.8% (-0.1 percentage points YoY). Sky has a market share of 3.0% (+0.8 percentage points YoY[4]).

After a long period of uninterrupted growth in broadband access, the first signs of a slight trend reversal were recorded in 2023. In September 2023, broadband accesses amounted to 18.89 million and are significantly decreasing both on a quarterly basis, by -63 thousand units (-0.3% QoQ), and on an annual basis, by -100 thousand units (-0.5% YoY)[5].

On an annual basis, accesses in FTTH technology are growing (4.30 million, +26.7% YoY) and FWA (2.07 million, +7.3% YoY) while accesses in FTTC technology are decreasing (9.95 million, -3.9% YoY) and ADSL (-741 thousand, -22.5%)[6].

Competition in the mobile telecommunications sector

In the mobile market, both Machine to Machine (M2M) SIMs and Human SIMs continue to grow, which after a long series of declining quarters, started to grow again starting from the second quarter of 2021.

In the third quarter of 2023, total mobile lines (Human+ M2M) amounted to 108.5 million with an annual growth of +1.4 million (+1.3% YoY): both M2M lines are growing, reaching 29.7 million, +1.05 million YoY (+3.7%), and Human lines are equal to 78.9 million with an increase of +348 thousand lines YoY (+0.4%). Compared to the previous quarter, Human lines grew by +104 thousand lines (+0.1%).

[1] Source: AGCOM “2023 Annual Report” (2022 data).
[2] Source: AGCOM “2023 Annual Report” (2022 data).
[3] Source: AGCOM observatory 2nd quarter 2023.
[4] Source: AGCOM observatory 3rd quarter 2023.
[5] Source: AGCOM observatory 3rd quarter 2023.
[6] Source: AGCOM observatory 3rd quarter 2023.

The competitive scenario of the Italian mobile telecommunications market in 2023 continues to be characterized by an aggressive offer from the operator Iliad in terms of price and volume of data, followed by those of the virtual operators (MVNO), resulting in general pressure on market prices. The operator Iliad and the virtual operators in general continue to win over customers and, consequently, market share, to the detriment of other infrastructured operators, mainly those with the highest market share.

In the third quarter of 2023 TIM is market share leader of the total mobile market (Human + M2M) with a share of 27.9% (-0.6 percentage points YoY), followed by Vodafone with a market share of 27.2% (-0.5 percentage points YoY) and by WindTre with a market share of 23.7% (-0.5 percentage points YoY).

Considering only the Human lines, WindTre is the leader with a market share of 24.7% but down by -1.1 percentage points YoY; followed by TIM with a market share of 24.2% down by -0.7 percentage points YoY and Vodafone with a market share of 21.9% down by -0.7 percentage points YoY, Iliad reaches a share of 13.3% up +1.4 percentage points YoY.

The competition on 5G continues with the simultaneous presence of TIM, Vodafone, Wind Tre, Iliad and Fastweb for mobile offers and a progressive coverage of the main cities. The spread of 5G has also begun in the business segment, enabling specialized solutions for the vertical markets, even if the spread of these services in this segment has not yet taken off.

Brazil

In 2023 the macroeconomic scenario recorded a faster than expected recovery of all the main indicators (GDP growth, inflation, interest rates). This recovery can increase the purchasing power of the population. The latest inflation estimates indicate an inflation rate of 4.5% at the end of 2023, in line with the central target, which, added to a positive political scenario, has led to S&P lowering its country risk (the lowest level in the last 12 months). The government was able to address key economic issues and the Minister of Economy committed to fiscal responsibility, overcoming previous concerns. The tax reform has been approved, with some exceptions that will be reviewed by Congress. The objective of eliminating the public deficit in 2024 was maintained, despite internal differences between Lula and Haddad. The economy continues to perform well, with the Ibovespa growing by approximately 22% in 2023 and the interest rate at 11.75% at the end of the year (from 13.75% at the end of 2022). The market's beliefs regarding the decline in interest rates have been confirmed, despite the international context with the continuation of the war in Ukraine and the conflict in Israel, but some concerns about inflation remain due to: i) fears that the conflict between Israel and Hamas could impact fuel prices; ii) the increase in energy prices (greater consumption due to the warmer climate). The next planned tax priorities are already on track: regulation of sports betting and gambling, taxation of offshore and exclusive funds.

Forecasts for the next few years suggest a more favorable context: better economic growth prospects, with lower interest rates, positive for companies to attract investments and improve their cash flow, a more attractive context for the growth of foreign investments, but with the fear of a slowdown trend. Favorable political situation for the approval of key reforms, inflation under control and falling interest rates stimulate consumption and reduce pressure on operating and financial costs. The Brazilian stock market is back positive with record values and the unemployment rate is at its lowest.

The new Brazilian government has maintained financial support for people with lower incomes and sought to increase the minimum wage, which, together with a lower unemployment rate, is supporting consumption, including that of telecommunications services.

The mobile telecommunications sector consolidated in 2022 with the finalization of the sale of Oi. The buying companies are migrating their customer base and infrastructure. With one operator fewer, the sector has seen some rationality prevail in the market and in competition, with service providers maintaining their focus on the development of offers that are increasingly attractive to consumers, not only in terms of price but also with additional services, for example through partnerships with companies supplying streaming of video contents. The great challenge consists of increasingly involving customers, offering a more convenient, more fluid end-to-end experience with all-digital integration solutions in order to reduce the churn rate and seek to monetize the customer base.

In the pre-paid segment in December 2023 the customer base decreased by 4.0% year-on-year. After the disconnection of the customer base acquired from Oi, the market returned to the 2020 trend of reduction in the pre-paid market. With the exit of Oi (the most aggressive operator in terms of price) and the consequent decrease in competition, the market should become more rational. The main aim of market operators was to increase the percentage use of services, leveraging the SIM card consolidation process in progress on the market, encouraging migration towards weekly (and monthly) or hybrid (Controle postpaid) plans, offering a range of service bundles according to the needs of customers (unlimited voice calls or data packages). This strategy aims to improve the customer base mix and ensure greater stability (and a reduction in the churn rate) and the growth in ARPU.

In December 2023, the post-paid mobile segment recorded an increase in the customer base of 6.3% on an annual basis, thanks above all to the post-paid ex-M2M (+4.8 million) but also to the post-paid segment M2M (+4.0 million). This market will likely continue to be affected by migrations from pre-paid to hybrid "Control" segments. After the exit of Oi we expect greater market rationality. This growth is based on offer segmentation strategies, through the introduction of distinctive characteristics in the use of data services (e.g. unlimited use of data on specific apps such as WhatsApp, Facebook, Twitter, Netflix, etc.) in pursuing a “More for More” policy logic that aims to guarantee a greater stability of prices and an effective repositioning of the customer base on higher value offers (voice+data+bundle with OTT contents).

Service quality is still an element of differentiation. The telecommunication suppliers that have invested more in the development of 4G networks (coverage and capacity) and in the improvement of processes shaping customer experiences will have a greater capacity to apply premium prices because customers increase their expectations and assign increasing importance to the quality of data services and higher value contents. The main mobile operators already provide 4G coverage for over 100% of the Brazilian population (up to November 2023), with the three main operators offering average 4G availability in excess of 94% (according to the July 2023 Open Signal report).

2023 was a year of growth in 5G coverage and customer base. In December 2023, 5G coverage exceeded 300 cities and the customer base reached 20.5 million (8.0% of the market). Operators' ultimate goal is to be able to increase mobile ARPU due to the consumption of new services enabled by 5G (e.g.: latency-based rates, additional features such as entertainment packages). The 5G is expected to bring new applications for B2B segment in a lot of industries.

The fixed Broadband market registered a slowdown growth in the last year with growth of +4.7% in December 2023 (YoY), against +8.9% in December 2022 (YoY), maybe impacted by smaller Internet service providers (ISPs) underreport. The growth comes primarily from ISPs (+1.8 million year-over-year in December 2023, representing 86% of total market growth of 2.1 million), which tend to offer cheaper services and reach areas where Traditional players have limited infrastructure, thanks to a mix of organic growth and strategic acquisitions, which has led to the increase in the number of strong market players, each eager to expand and strengthen their regional presence across the country. Since 2021, some significant IPOs have been finalized (Brisanet, Unifique and Desktop) besides other investment in ISPs, which brought some capital to increase coverage. As a result, traditional incumbents have found it difficult to grow their customer base (Oi down 5.2% year-on-year, Claro up 2.3%, Vivo 4.0% - the exception being TIM, up 11.9%). The population penetration rate has already reached approximately 65% of the 74 million families and a phase of maturity has begun, but with room for growth in the medium term compared to many other countries, supported by the improvement of the macroeconomic situation.

In this context, in 2017 TIM adopted a commercial strategy to expand coverage and its customer base, offering Ultrabroadband Internet services, mainly through FTTH, not only in some of the largest cities of Brazil, but also in cities where opportunities are available for a similar high-quality service. In addition, focusing on reducing friction points to improve retention. TIM has a customer base of over 800 thousand users as of December 2023 (11.9% growth year on year). In order to achieve faster and smarter growth, the way was to carve-out fiber assets and deployment of asset light model to accelerate footprint growth. In a recent OpenSignal report, TIM was recognized as first place for consistent broadband quality.

There is also competition from other services outside the telecommunications sector, such as global and local OTT providers, who offer internet-based content and services, including voice calls and messaging, without paying for network infrastructure. OTT applications have become so important to customers that in many cases they are offered by mobile operators as free services. OTT communications applications have a business model that requires increased network traffic, but it is telcos that must finance and make the network infrastructure investments needed to handle the increased internet traffic generated by OTT applications.

CONSOLIDATED FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

Non-current assets

- **Goodwill**: increased by 59 million euros, from 19,111 million euros at December 31, 2022 to 19,170 million euros at December 31, 2023, mainly due to the positive exchange differences (+40 million euros) relating to the goodwill attributed to the Brazil Cash Generating Unit and as a result of the recognition of goodwill following the acquisition of control, within the Domestic Business Unit, of TS-Way S.r.l. (19 million euros).

  Further details are provided in the Notes “Business combinations” and “Goodwill” to the Consolidated Financial Statements at December 31, 2023 of the TIM Group.

- **Intangible assets with a finite useful life**: these fell by 534 million euros, from 7,656 million euros at the end of 2022 to 7,122 million euros at December 31, 2023, representing the balance of**:**
  - capex (+912 million euros);
  - amortization charge for the year (-1,540 million euros);
  - other disposals, exchange differences and other changes (for a net positive balance of 94 million euros). Exchange gains are recorded for 93 million euros and mainly relate to the Brazil Business Unit.
- **Tangible assets**: these increased by 592 million euros, from 14,100 million euros at the end of 2022 to 14,692 million euros at December 31, 2023, representing the balance of:
  - capex (+2,941 million euros);
  - amortization charge for the year (-2,361 million euros);
  - other disposals, exchange differences and other changes (for a net positive balance of 12 million euros). Exchange gains are recorded for 84 million euros and mainly relate to the Brazil Business Unit.
- **Rights of use assets** (mainly comprise rights of use on real estate leases, network connectivity and telecommunications infrastructure, etc.)**:** these increased by 27 million euros, from 5,488 million euros at the end of 2022 to 5,515 million euros at December 31, 2023, representing the balance of:
  - investments (+129 million euros) and increases in lease contracts (+1,087 million euros); in particular, increases include 553 million euros attributable to the Domestic Business Unit and include the result of the*assessment* carried out by the parent TIM S.p.A. on the contractual terms of property leases, which led to an extension of some of these leases with a consequent increase in usage rights and financial liabilities of approximately 380 million euros. The increase also included 534 million euros attributable to the Brazil Business Unit and mainly related to the recontractualization of certain contracts for infrastructure sites for the mobile telephony network;
  - amortization charge for the year (-962 million euros);
  - disposals, exchange differences and other changes (for a net negative balance of 227 million euros). Exchange gains are recorded for 77 million euros and mainly relate to the Brazil Business Unit.

Consolidated equity

At December 31, 2023, consolidated equity amounted to 17,513 million euros (18,725 million euros at December 31, 2022), of which 13,646 million euros attributable to Owners of the Parent (15,061 million euros at December 31, 2022) and 3,867 million euros attributable to non-controlling interests (3,664 million euros at December 31, 2022). In greater detail, the changes in consolidated equity were the following:

(million euros)	12.31.2023	12.31.2022
At the beginning of the year	**18,725**	**22,039**
Total comprehensive income (loss) for the year	(1,035)	(1,912)
Dividends approved by:	(197)	(86)
TIM S.p.A.	—	—
Other Group companies	*(197)*	*(86)*
Daphne 3 - deconsolidation	—	(1,332)
Equity instruments	2	6
Other changes	18	10
At the end of the year	**17,513**	**18,725**

Cash flows

Adjusted net financial debt at December 31, 2023 was equal to 25,656 million euros (25,364 million euros as of December 31, 2022).

The Group's **Operating Free Cash Flow** for 2023 was +2,601 million euros (-625 million euros in 2022, impacted by payments for the acquisition of rights to use frequencies for telecommunications services in Italy and Brazil, among other things).

The main transactions that had an impact on the change in adjusted net financial debt are as follows:

Change in adjusted net financial debt

(million euros)	2023 (a)	2022 (b)	Change (a-b)
EBITDA	5,710	5,347	363
Capital expenditures on an accrual basis	(3,982)	(4,077)	95
Change in net operating working capital:	503	(1,736)	2,239
Change in inventories	*(31)*	*(35)*	*4*
Change in trade receivables and other net receivables	*(39)*	*(81)*	*42*
Change in trade payables	*252*	*398*	*(146)*
Change in payables for mobile telephone licenses/spectrum	*(48)*	*(2,144)*	*2,096*
Other changes in operating receivables/payables	*369*	*126*	*243*
Change in employee benefits	(291)	156	(447)
Advance received on NRRP contributions	758	—	758
Change in operating provisions and Other changes	(97)	(315)	218
Net operating free cash flow	**2,601**	**(625)**	**3,226**
% of Revenues	*16.0*	*(4.0)*	*20.0pp*
Sale of investments and other disposals flow	11	1,341	(1,330)
Share capital increases/reimbursements, including incidental expenses	—	2	(2)
Financial investments	(33)	(1,905)	1,872
Dividends payment	(189)	(68)	(121)
Increases in lease contracts	(1,087)	(832)	(255)
Finance expenses, income taxes and other net non-operating requirements flow	(1,595)	(1,090)	(505)
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(292)**	**(3,177)**	**2,885**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	**(292)**	**(3,177)**	**2,885**

The **Equity Free Cash Flow** for 2023 amounted to +763 million euros (+624 million euros in 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.

The Equity Free Cash Flow is calculated as follows:

(million euros)	2023	2022	Change
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(292)**	**(3,177)**	**2,885**
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	785	827	(42)
Payment of TLC licenses and for the use of frequencies	48	2,242	(2,194)
Financial impact of acquisitions and/or disposals of investments	33	666	(633)
Dividend payment and Change in Equity	189	66	123
Equity Free Cash Flow	**763**	**624**	**139**

In addition to what has already been described with reference to EBITDA, the change in adjusted net financial debt for 2023 was particularly impacted by the following:

Capital expenditures and for mobile telephone licenses/spectrum

Capital expenditures and expenses for mobile telephone licenses/spectrum for 2023 were 3,982 million euros (4,077 million euros in 2022).

Capex is broken down as follows by operating segment:

(million euros)	2023	% weight	2022	% weight	Change
Domestic	3,148	79.1	3,207	78.7	(59)
Brazil	834	20.9	870	21.3	(36)
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	**3,982**	**100.0**	**4,077**	**100.0**	**(95)**
% of Revenues	*24.4*		*25.8*		*(1.4)pp*

In particular:

- the **Domestic Business Unit** made industrial investments of 3,148 million euros, with a significant portion aimed at the development of FTTC/FTTH networks. The reduction of 59 million euros compared to 2022 was mainly connected to Noovle's completion of the regions connected to the partnership with Google during 2022;
- the **Brazil Business Unit** posted capital expenditures in 2023 of 834 million euros (870 million euros for 2022). Excluding the impact of changes in exchange rates (+6 million euros), capex decreased by 42 million euros on 2022. The decrease is due to the reduced investments relating to the integration of Oi Group activities and the 4G network, which was partially offset by the acceleration of investments in 5G technology and the continuous expansion of FTTH-UltraFibra technology.

Change in net operating working capital

In 2023, the operating net working capital showed an increase of 503 million euros (-1,736 million euros in the 2022 financial year) mainly attributable to the change in trade payables (+252 million euros) and other operating receivables and payables (+369 million euros).

Change in employee benefits

In 2023, the funds relating to personnel are reduced by 291 million euros mainly due to the effect of the exits of managerial and non-managerial staff, based on the application of the art. 4 of law June 28, 2012, no. 92 and ex-art. 41, paragraph 5bis, Legislative Decree no. 148/2015, as per the agreements signed with the trade unions and referring entirely to the Italian companies of the Domestic Business Unit.

Advance received on NRRP contributions

In August 2022, the TIM Group ("TIM") signed agreements with Infratel ("Distributing Entity"), relating to the award of three infrastructure tenders in the sector, for public grants to finance investment projects concerning the construction of new telecommunications infrastructure and related access equipment.

During 2023, the Group collected a total of 758 million euros for the advance of funds under the National Recovery and Resilience Plan (NRRP) in relation to three infrastructure tenders (of which 488 million euros financial receivables received on January 2, 2024).

For further details, please refer to the Note "Net financial debt" of the consolidated financial statements of the TIM Group as of December 31, 2023.

Financial investments

In 2023, they amounted to a net outlay of 33 million euros, and in detail include:

- the disbursement for the acquisition of 100% of the share capital of TS-Way S.r.l.;
- the underwriting of the recapitalization of the companies Polo Strategico Nazionale S.p.A. and the underwriting of the recapitalization of the companies TIMFin S.p.A.;
- the contribution of the Brazil Business Unit in the investment fund, focused on 5G solutions, Upload Ventures Growth;
- the collection by the Brazil Business Unit of 51 million euros, related to the repayment at the end of 2023 of a portion of the Adjusted Closing Price related to the acquisition made in 2022 by the Brazilian subsidiary TIM S.A. of part of the mobile telephony assets of the Oi group.

In 2022 they amounted to 1,905 million euros and mainly included the impact deriving from the acquisition of 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações SA, now incorporated into TIM SA.

Increases in lease contracts

In 2023, the item came to 1,087 million euros (832 million euros in 2022) and includes the greater value of rights of use entered following new passive lease contracts, increases in lease charges and the renegotiation of existing lease contracts. In 2023, the assessment of the duration of property leases by the parent company TIM S.p.A. had a significant impact.

Financial expenses, income taxes and other net non-operating requirements flow

In 2023, the flow has a negative balance for a total of 1,595 million euros (negative for 1,090 million euros in 2022). It mainly includes outflows relating to financial management components, as well as the payment of income tax expense and changes in non-operating payables and receivables.

Sales of receivables to factoring companies

It should be noted that sales without recourse of trade receivables to factoring companies completed during 2023 resulted in a positive effect on the adjusted net financial debt at December 31, 2023 amounting to 1,135 million euros (1,155 million euros at December 31, 2022).

Net financial debt

Net financial debt is composed as follows:

(million euros)	12.31.2023 (a)	12.31.2022 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	15,297	15,259	38
Amounts due to banks, other financial payables and liabilities	5,987	6,480	(493)
Non-current financial liabilities for lease contracts	4,743	4,597	146
	26,027	**26,336**	**(309)**
Current financial liabilities (*)			
Bonds	3,266	2,799	467
Amounts due to banks, other financial payables and liabilities	2,505	2,240	265
Current financial liabilities for lease contracts	838	870	(32)
	6,609	**5,909**	**700**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	**32,636**	**32,245**	**391**
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(112)	(49)	(63)
Financial receivables and other non-current financial assets	(1,103)	(1,602)	499
	(1,215)	**(1,651)**	**436**
Current financial assets			
Securities other than investments	(1,882)	(1,446)	(436)
Current financial receivables arising from lease contracts	(162)	(69)	(93)
Financial receivables and other current financial assets	(689)	(154)	(535)
Cash and cash equivalents	(2,912)	(3,555)	643
	(5,645)	**(5,224)**	**(421)**
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	**(6,860)**	**(6,875)**	**15**
Net financial debt carrying amount	**25,776**	**25,370**	**406**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(120)*	*(6)*	*(114)*
Adjusted Net Financial Debt	**25,656**	**25,364**	**292**
Breakdown as follows:			
Total adjusted gross financial debt	**32,001**	**31,682**	**319**
Total adjusted financial assets	**(6,345)**	**(6,318)**	**(27)**
(*) of which current portion of medium/long-term debt:			
Bonds	*3,266*	*2,799*	*467*
Amounts due to banks, other financial payables and liabilities	*1,166*	*1,139*	*27*
Current financial liabilities for lease contracts	*786*	*856*	*(70)*

The financial risk management policies of the TIM Group are aimed at minimizing market risks, fully hedging exchange rate risk, and optimizing interest rate exposure through appropriate diversification of the portfolio, which is also achieved by using carefully selected derivative financial instruments. Such instruments, it should be stressed, are not used for speculative purposes and all have an underlying, which is hedged.

In addition, to determine its exposure to interest rates, the Group sets an optimum composition for the fixed-rate and variable-rate debt structure and uses derivative financial instruments to achieve that composition. In consideration of the Group's operating activities, the optimum combination of medium/long-term non-current financial liabilities has been identified, on the basis of the nominal value, in the 65%-85% range for the fixed-rate component and in the 15%-35% range for the variable-rate component.

In managing market risks, the Group has adopted Guidelines for the "Management and control of financial risk" and mainly uses IRS and CCIRS derivative financial instruments.

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.

For further details, see the "Alternative performance measures" chapter.

Adjusted net financial debt amounted to 25,656 million euros at December 31, 2023, an increase of 292 million euros compared to December 31, 2022 (25,364 million euros); this was a net consequence of:

- positive operational dynamics, including receipt of 758 million euros for the advance of funds under the National Recovery and Resilience Plan (NRRP) in relation to three infrastructure tenders (of which 488 million euros financial receivables received on January 2, 2024);
- financial and tax management needs, leasing debts 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)	12.31.2023 (a)	12.31.2022 (b)	Change (a-b)
Net financial debt carrying amount	**25,776**	**25,370**	**406**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(120)*	*(6)*	*(114)*
Adjusted Net Financial Debt	**25,656**	**25,364**	**292**
Leases	*(5,307)*	*(5,349)*	*42*
Adjusted Net Financial Debt - After Lease	**20,349**	**20,015**	**334**

Net financial debt carrying amount amounted to 25,776 million euros at December 31, 2023, an increase of 406 million euros compared to December 31, 2022 (25,370 million euros). The reversal of the fair value measurement of derivatives and related financial liabilities/assets records an annual change of 114 million euros due to the dynamics of the interest rate markets; this amount adjusts the Net financial debt carrying amount, having no monetary effect.

Adjusted Net Financial Debt - After Lease (net of leases) at December 31, 2023 amounted to 20,349 million euros, an increase of 334 million euros compared to December 31, 2022 (20,015 million euros), as a result net of the positive operational dynamics which were counteracted by the needs of financial and fiscal management and the payment of dividends in Brazil.

Gross financial debt

Bonds

Bonds at December 31, 2023 totaled 18,563 million euros (18,058 million euros at December 31, 2022). Repayments totaled a nominal 18,046 million euros (17,552 million euros at December 31, 2022).

The change in bonds during 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 SA 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 repurchased in June 2016.

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

Revolving Credit Facility

The following table shows committed credit lines(*) available at December 31, 2023:

(billion euros)	12.31.2023		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).

Maturities of financial liabilities and average cost of debt
The average maturity of non-current financial liabilities (including the current portion of medium/long-term financial liabilities due within 12 months) was 6.72 years.

The average cost of the Group's debt, considered as the cost for the year calculated on an annual basis and resulting from the ratio of debt-related expenses to average exposure, stood at 5.4%, while the average cost of the Group's debt "After Lease" was equal to 4.9%.

Current financial assets and liquidity margin

As of December 31, 2023, the TIM Group's available **liquidity margin** was equal to 8,695 million euros and calculated considering:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 4,695 million euros (5,001 million euros at December 31, 2022), also including 847 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.

In particular:

Cash and cash equivalents amounted to (2,912) million euros (3,555 million euros at December 31, 2022). The different technical forms of investing available cash can be analyzed as follows:

- **maturities**: investments have a maximum maturity of three months;
- **counterparty risk**: investments by the European companies are made with leading banking, financial and industrial institutions with high credit quality. Investments by the companies in South America are made with leading local counterparties;
- **country risk**: deposits have been made mainly in major European financial markets.

Current securities other than investments amounted to 1,882 million euros (1,446 million euros at December 31, 2022): These forms of investment represent alternatives to the investment of liquidity with the aim of improving returns. They included a total of 1,007 million euros of treasury bonds held by Telecom Italia Finance S.A., 509 million euros of bonds purchased by Telecom Italia Finance S.A. with different maturities, all with an active market and consequently readily convertible into cash, and 366 million euros of investments in monetary funds by the Brazil Business Unit.
For the purposes of determining the liquidity margin, the "BTPs July 15, 2028" held by Telecom Italia Finance SA and subject to a securities lending agreement with TIM S.p.A. signed on October 18, 2023 were not considered; in particular, of the total nominal 131 million euros of securities subject to the loan, a part corresponding from time to time to a market value of 99 million euros was pledged by TIM S.p.A. on October 25, 2023 against a guarantee bank issued on the same date by MPS in favor of INPS, in support of the application of Art. 4 of Law no. 92 of June 28, 2012.
The purchases of the above government bonds, which, pursuant to Consob Communication no. DEM/11070007 of August 5, 2011, represent investments in "Sovereign debt securities", have been made in accordance with the Guidelines for the "Management and control of financial risk" adopted by the TIM Group.

In the fourth quarter of 2023, adjusted net financial debt decreased by 682 million euros compared to September 30, 2023 (26,338 million euros), as a net effect of the positive operating dynamics (including the above-mentioned receipt of advances of funds under the National Recovery and Resilience Plan in relation to the award of 3 infrastructural tenders for a total of 758 million euros), which were counteracted by the needs of financial management and leasing debts.

(million euros)	12.31.2023 (a)	30.9.2023 (b)	Change (a-b)
Net financial debt carrying amount	**25,776**	**26,471**	**(695)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(120)*	*(133)*	*13*
Adjusted Net Financial Debt	**25,656**	**26,338**	**(682)**
Breakdown as follows:			
Total adjusted gross financial debt	**32,001**	**32,451**	**(450)**
Total adjusted financial assets	**(6,345)**	**(6,113)**	**(232)**

CONSOLIDATED DATA – TABLES OF DETAIL

To follow, the Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows as well as Other Information of the TIM Group.

Separate Consolidated Income Statement

(million euros)	2023	2022	Changes (a-b)	
	(a)	(b)	absolute	%
Revenues	**16,296**	**15,788**	**508**	**3.2**
Other income	206	213	(7)	(3.3)
Total operating revenues and other income	**16,502**	**16,001**	**501**	**3.1**
Acquisition of goods and services	(7,518)	(7,239)	(279)	(3.9)
Employee benefits expenses	(2,987)	(3,180)	193	6.1
Other operating expenses	(872)	(816)	(56)	(6.9)
Change in inventories	47	22	25	—
Internally generated assets	538	559	(21)	(3.8)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**5,710**	**5,347**	**363**	**6.8**
Depreciation and amortization	(4,863)	(4,777)	(86)	(1.8)
Gains (losses) on disposals of non-current assets	(11)	36	(47)	—
Impairment reversals (losses) on non-current assets	—	—	—	—
Operating profit (loss) (EBIT)	**836**	**606**	**230**	**38.0**
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(29)	23	(52)	—
Other income (expenses) from investments	53	206	(153)	—
Finance income	1,095	1,115	(20)	(1.8)
Finance expenses	(2,835)	(2,538)	(297)	(11.7)
Profit (loss) before tax from continuing operations	**(880)**	**(588)**	**(292)**	**(49.7)**
Income tax expense	(227)	(2,066)	1,839	89.0
Profit (loss) from continuing operations	**(1,107)**	**(2,654)**	**1,547**	**58.3**
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—
Profit/(Loss) for the year	**(1,107)**	**(2,654)**	**1,547**	**58.3**
Attributable to:				
Owners of the Parent	**(1,441)**	**(2,925)**	**1,484**	**50.7**
Non-controlling interests	334	271	63	23.2

Consolidated Statements of Comprehensive Income

In accordance with IAS 1 (Presentation of Financial Statements), the following Consolidated Statements of Comprehensive Income include the Profit (loss) for the year as shown in the Separate Consolidated Income Statement and all non-owner changes in equity.

(million euros)		2023	2022
Profit/(Loss) for the year	**(a)**	**(1,107)**	**(2,654)**
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		3	(2)
Income tax effect		—	—
	(b)	**3**	**(2)**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		(8)	77
Income tax effect		—	(17)
	(c)	**(8)**	**60**
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)**	**(5)**	**58**
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		43	(130)
Loss (profit) transferred to Separate Consolidated Income Statement		(9)	21
Income tax effect		(1)	4
	(f)	**33**	**(105)**
Hedging instruments:			
Profit (loss) from fair value adjustments		(382)	488
Loss (profit) transferred to Separate Consolidated Income Statement		192	(235)
Income tax effect		45	(61)
	(g)	**(145)**	**192**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		189	597
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	**189**	**597**
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)**	**77**	**684**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**72**	**742**
Total comprehensive income (loss) for the year	**(a+m)**	**(1,035)**	**(1,912)**
Attributable to:			
Owners of the Parent		**(1,432)**	**(2,365)**
Non-controlling interests		397	453

Consolidated Statement of Financial Position

(million euros)		12.31.2023 (a)	12.31.2022 (b)	Changes (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		19,170	19,111	59
Intangible assets with a finite useful life		7,122	7,656	(534)
		26,292	**26,767**	**(475)**
Tangible assets				
Property, plant and equipment owned		**14,692**	**14,100**	**592**
Rights of use assets		**5,515**	**5,488**	**27**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		537	539	(2)
Other investments		140	116	24
Non-current financial receivables arising from lease contracts		112	49	63
Other non-current financial assets		1,103	1,602	(499)
Miscellaneous receivables and other non-current assets		2,187	2,365	(178)
Deferred tax assets		701	769	(68)
		4,780	**5,440**	**(660)**
Total Non-current assets	**(a)**	**51,279**	**51,795**	**(516)**
Current assets				
Inventories		345	322	23
Trade and miscellaneous receivables and other current assets		4,699	4,539	160
Current income tax receivables		191	147	44
Current financial assets				
Current financial receivables arising from lease contracts		*162*	*69*	*93*
Securities other than investments, other financial receivables and other current financial assets		*2,571*	*1,600*	*971*
Cash and cash equivalents		*2,912*	*3,555*	*(643)*
		5,645	5,224	421
Current assets sub-total		**10,880**	**10,232**	**648**
Discontinued operations /Non-current assets held for sale				
of a financial nature		—	—	—
of a non-financial nature		—	—	—
		—	**—**	**—**
Total Current assets	**(b)**	**10,880**	**10,232**	**648**
Total Assets	**(a+b)**	**62,159**	**62,027**	**132**

(million euros)		12.31.2023 (a)	12.31.2022 (b)	Changes (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		13,646	15,061	(1,415)
Non-controlling interests		3,867	3,664	203
Total Equity	**(c)**	**17,513**	**18,725**	**(1,212)**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		21,284	21,739	(455)
Non-current financial liabilities for lease contracts		4,743	4,597	146
Employee benefits		511	684	(173)
Deferred tax liabilities		83	84	(1)
Provisions		679	910	(231)
Miscellaneous payables and other non-current liabilities		1,326	1,146	180
Total Non-current liabilities	**(d)**	**28,626**	**29,160**	**(534)**
Current liabilities				
Current financial liabilities for financing contracts and others		5,771	5,039	732
Current financial liabilities for lease contracts		838	870	(32)
Trade and miscellaneous payables and other current liabilities		9,384	8,199	1,185
Income tax payables		27	34	(7)
Current liabilities sub-total		**16,020**	**14,142**	**1,878**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature		—	—	—
of a non-financial nature		—	—	—
		—	**—**	**—**
Total Current Liabilities	**(e)**	**16,020**	**14,142**	**1,878**
Total Liabilities	**(f=d+e)**	**44,646**	**43,302**	**1,344**
Total Equity and Liabilities	**(c+f)**	**62,159**	**62,027**	**132**

Consolidated Statements of Cash Flows

(million euros)		2023	2022
Cash flows from operating activities:			
Profit (loss) from continuing operations		(1,107)	(2,654)
Adjustments for:			
Depreciation and amortization		4,863	4,777
Impairment losses (reversals) on non-current assets (including investments)		(6)	9
Net change in deferred tax assets and liabilities		148	2,645
Losses (gains) realized on disposals of non-current assets (including investments)		(35)	(242)
Share of losses (profits) of associates and joint ventures accounted for using the equity method		29	(23)
Change in employee benefits		(291)	156
Change in inventories		(31)	(35)
Change in trade receivables and other net receivables		(39)	(81)
Change in trade payables		191	484
Net change in income tax receivables/payables		(21)	(478)
Net change in miscellaneous receivables/payables and other assets/liabilities		243	337
Cash flows from (used in) operating activities	**(a)**	**3,944**	**4,895**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(3,969)	(6,305)
Contributions for plants received		758	3
Acquisition of control of companies or other businesses, net of cash acquired		19	(1,316)
Acquisitions/disposals of other investments		(49)	(26)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(1)	(919)	969
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		11	62
Cash flows from (used in) investing activities	**(b)**	**(4,149)**	**(5,335)**
Cash flows from financing activities:			
Change in current financial liabilities and other		241	(436)
Proceeds from non-current financial liabilities (including current portion)		4,037	2,288
Repayments of non-current financial liabilities (including current portion)		(4,607)	(4,615)
Change in hedging and non-hedging derivatives		68	(36)
Share capital proceeds/reimbursements (including subsidiaries)		—	2
Dividends paid		(189)	(68)
Changes in ownership interests in consolidated subsidiaries		(6)	(4)
Cash flows from (used in) financing activities	**(c)**	**(456)**	**(2,869)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**—**	**—**
Aggregate cash flows	**(e=a+b+c+d)**	**(661)**	**(3,309)**
Net cash and cash equivalents at beginning of the year	**(f)**	**3,555**	**6,904**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	18	(40)
Net cash and cash equivalents at end of the year	**(h=e+f+g)**	**2,912**	**3,555**

(1) This item includes investments in marketable securities amounting to 2,342 million euros in 2023 (3,042 million eurosin 2022) and redemptions of marketable securities amounting to 1,995 million euros in 2023 (3,924 million euros in 2022), relating to TIM S.A. and Telecom Italia Finance S.A..

Purchase of intangible, tangible and rights of use assets

(million euros)	2023	2022
Purchase of intangible assets	(912)	(1,128)
Purchase of tangible assets	(2,941)	(2,828)
Purchase of rights of use assets	(1,216)	(953)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(5,069)	(4,909)
Change in payables arising from purchase of intangible, tangible and rights of use assets	1,100	(1,396)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(3,969)	(6,305)

Additional Cash Flow information

(million euros)	2023	2022
Income taxes (paid) received	(117)	164
Interest expense paid	(2,103)	(1,668)
Interest income received	597	562
Dividends received	20	155

Analysis of Net Cash and Cash Equivalents

(million euros)	2023	2022
Net cash and cash equivalents at beginning of the year:		
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 year:		
Cash and cash equivalents - from continuing operations	2,912	3,555
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	—	—
	2,912	**3,555**

The additional disclosures required by IAS 7 are provided in the Note “Net Financial Debt” to the TIM Group Consolidated Financial Statements at December 31, 2023.

Other information

Average salaried workforce

(equivalent number)	2023 (a)	2022 (b)	Change (a-b)
Average salaried workforce – Italy	33,983	36,866	(2,883)
Average salaried workforce – Outside Italy	9,162	9,046	116
Total average salaried workforce [1]	**43,145**	**45,912**	**(2,767)**

[1] Includes agency contract workers: average 31 employees in Italy in 2023; average 15 employees in Italy in 2022.

Headcount at year end

(number)	12.31.2023 (a)	12.31.2022 (b)	Change (a-b)
Headcount – Italy	37,670	40,752	(3,082)
Headcount – Outside Italy	9,510	9,640	(130)
Total headcount at year end [1]	**47,180**	**50,392**	**(3,212)**

[1] Includes agency contract workers: 31 employees in Italy at 12.31.2023; 15 employees in Italy at 12.31.2022).

Headcount at year end – Breakdown by Business Unit

(number)	12.31.2023 (a)	12.31.2022 (b)	Change (a-b)
Domestic	37,901	40,984	(3,083)
Brazil	9,267	9,395	(128)
Other Operations	12	13	(1)
Total	**47,180**	**50,392**	**(3,212)**

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

EBITDA AFTER LEASE - TIM GROUP

(million euros)	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA excluding non-recurring items	1,596	1,495	101	6.8	6,383	6,039	344	5.7
Lease payments	(269)	(282)	13	4.6	(1,079)	(1,038)	(41)	(3.9)
EBITDA After Lease (EBITDA-AL)	1,327	1,213	114	9.4	5,304	5,001	303	6.1

EBITDA AFTER LEASE - DOMESTIC

(million euros)	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA excluding non-recurring items	1,012	959	53	5.5	4,242	4,173	69	1.7
Lease payments	(140)	(131)	(9)	(6.9)	(535)	(512)	(23)	(4.5)
EBITDA After Lease (EBITDA-AL)	872	828	44	5.3	3,707	3,661	46	1.3

EBITDA AFTER LEASE - BRAZIL

(million euros)	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA excluding non-recurring items	587	536	51	9.5	2,149	1,874	275	14.7
Lease payments (*)	(129)	(151)	22	14.6	(544)	(526)	(18)	(3.4)
EBITDA After Lease (EBITDA-AL)	458	385	73	18.2	1,605	1,348	257	18.8

(*) In 2023 they do not include fines (approximately 238 million reais; approximately 44 million euros) connected to the decommissioning plan following the acquisition of the mobile activities of the Oi group.

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	12.31.2023	12.31.2022	Change
Adjusted Net Financial Debt	25,656	25,364	292
Leases	(5,307)	(5,349)	42
Adjusted Net Financial Debt - After Lease	20,349	20,015	334

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	4th Quarter 2023	4th Quarter 2022	Change	2023	2022	Change
Equity Free Cash Flow	1,001	363	638	763	624	139
Change in lease contracts (principal share)	(158)	(154)	(4)	(827)	(650)	(177)
Equity Free Cash Flow After Lease	843	209	634	(64)	(26)	(38)

SUSTAINABILITY ASPECTS

Materiality analysis

In 2023, as envisaged by Italian Legislative Decree no. 254/2016, TIM carried out a Materiality Analysis, the process underlying non-financial reporting. The analysis was carried out according to the Global Reporting Initiative ("GRI") standards, through a process for identifying material topics, based on the **principle of the relevance of the impact**, i.e. assessment of the effective or potential, negative or positive impact the Group may have on the economy, society and environment for each material topic identified.

The topics were selected through an analysis platform that collects and analyzes a substantial number of documentary sources from the reference sector, from the main peers for the Group's business and from the main social media, guaranteeing a solid and constantly updated information base. The process also saw the active participation of the Enterprise Risk Management function for the assessment of the risks connected to the identified topics.

Process of identifying the material topics

The 2023 material topics have been identified on the basis of a solid document base, which takes into account the specific ESG topics of the Technology & Telecommunication sector, the operative and strategic context of the TIM Group, its business relations, industry peers and all other relevant organizations. The use of artificial intelligence has guaranteed the retrieval of constantly updated information as well as continuous monitoring of the media to gather stakeholder sentiment.

The analysis was carried out with the involvement of TIM's Top Management, the members of the Sustainability Committee and a significant sample of representatives of all categories of stakeholders, carrying out almost 1,000 interviews, directly or online, which made it possible to evaluate and measure the impacts associated with each topic.

The stakeholders involved represent the eight categories identified by the Group: Customers, Suppliers, Financial Community, Regulatory Entities, Civil Society, industry Business Community, Media and TIM People. The categories were identified and assessed specifically, with an annual assessment carried out according to the specifications of the international accountability standard AA100SES, which the TIM Group carries out in order to best evaluate the evolution of its business relations.

For each material topic, the impacts - negative or positive, actual or potential - **that TIM can have on the economy, the environment and people have been identified, analyzing the Group's activities, its business relationships and the possible effects generated or induced directly or indirectly and summarizing the results of the documentary analysis, the sentiment collected by the media and the findings from the stakeholder engagement to which the greatest weight was assigned. The process also involved the Enterprise Risk Management function to verify that the material topics identified fall within the scope of the ESG risks monitored by the Risk Management System.**

In 2023, without prejudice to the fact that **no substantial changes were noted compared to the previous year**, an optimization and reclassification of the material topics was carried out which led to the **transition from 16 to 10 material topics**.

Results at a glance

The 10 material topics identified with the Materiality Analysis conducted are listed below with evidence of the **type of impact** identified.

	Material Issues 2023	Impact	
1	**PRIVACY AND CYBERSECURITY**	*Negative*	*Potential*
2	**DIGITAL TRANSFORMATION AND INCLUSION** (1)	*Positive*	*Actual*
3	**CUSTOMER INTERACTION AND SERVICE TRANSPARENCY**	*Positive*	*Actual*
4	**CLIMATE CHANGE**	*Negative*	*Actual*
5	**USE OF RENEWABLE ENERGY SOURCES** (2)	*Positive*	*Actual*
6	**EQUAL PAY AND OPPORTUNITIES AT TIM**	*Positive*	*Potential*
7	**OCCUPATIONAL HEALTH AND SAFETY**	*Negative*	*Actual*
8	**INFRASTRUCTURE AND EMERGING TECHNOLOGIES**	*Positive*	*Actual*
9	**ETHICS AND CORPORATE GOVERNANCE**	*Negative*	*Potential*
10	**SUSTAINABLE SUPPLY CHAIN**	*Positive*	*Actual*

environment social governance

(1) Nel 2022 il tema era denominato «Inclusione digitale»
(2) Nel 2022 il tema era denominato «Transizione energetica»

The key topics for the TIM Group and its stakeholders focus on **10** of the 17 **Sustainable Development Goals**, which TIM believes it can help achieve through its own personnel, technologies and services, adopting policies that promote and safeguard human rights and the environment.

Specifically, the relevant Goals are:

- no. 3: Ensure healthy lives and promote well-being for all at all ages;
- no. 4: Quality education;
- no. 5: Gender equality;
- no. 7: Affordable and clean energy;
- no. 8: Decent work and economic growth;
- no. 9: Industry, innovation and infrastructure;
- no. 10: Reduced inequalities;
- no. 11: Sustainable cities and communities;
- no. 12: Responsible consumption and production;
- no. 13: Take urgent steps to combat climate change and its consequences;
- no. 16: Peace, justice and strong institutions;
- no. 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Validation and Review

The validation of the material topics and the entire materiality analysis process was carried out by the Sustainability Function of Corporate Communication & Sustainability, with the support of internal and external experts. The results shown in the table have also been validated by the Sustainability Committee and the Control and Risk Committee.

The materiality analysis forms the basis of the Non-Financial Statement 2023 and the construction of the Group's ESG Strategic Plan.

The review phase is due to take place as a preparatory stage prior to the next reporting cycle, with the aim of submitting the results of the updated analyses to specific stakeholder engagement activities.

INNOVATION, RESEARCH AND DEVELOPMENT

2023 saw the TIM Group become the spokesperson for cross-cutting innovation activities, central to technological, market and competitive change. The Innovation function, through its TIM Innovation Labs, with offices in Turin, Milan, Rome and Catania, employing around 160 people, focuses on activities that give the Company a competitive advantage in terms of business and technological innovation and recognition of the brand's innovative value, both in terms of revenue growth and corporate efficiency. More generally, TIM employs 1,450 people in Italy in Research and Development activities.

TIM has strengthened its adherence to the Open Innovation paradigm as an operating model by aiming for:

- the creation of a large ecosystem of partners (start-ups, companies, universities, public administration, etc), to encourage the meeting of "demand" and "supply";
- the creation of lasting relationships with strategic partners;
- a platform model approach in which TIM provides access to functionalities used by subjects (both internal and external) involved in the innovation process to create new digital products/services.

Network innovation and 5G based services

Tens of billions of devices and sensors attached to things and people, with very powerful connections that will generate an ever-increasing amount of data that will accompany the evolution of the digital society over the next 20 years, from urban mobility to security, from e-government to health, from environmental monitoring to transportation, from tourism to entertainment. This is the impact of 5G, a fundamental technology for a range of digital services thanks to a speed that will reach 10 Gbps with a latency of 1 millisecond.

TIM is a world leader in 5G technological innovation, and in this role the company has made a significant investment to win the best frequencies put up for tender by MISE, with the aim of developing the infrastructure assets necessary for the growth of new businesses, also taking advantage of the recent benefits linked to the funds made available by the NRRP for the creation of new 5G networks in the country.

Regarding the 5G Backhauling and 5G Coverage plans, the achievements are in line with the targets set by the NRRP.

In May, the European Investment Bank (EIB), backed by a 60% guarantee from SACE, confirmed its commitment alongside TIM to the development of next-generation network infrastructures through a 0.36 billion euro loan dedicated to strengthening 5G coverage in Italy. The financing will allow the TIM Group to access a debt instrument on more favorable terms than those offered by the market and confirms the strategic nature of TIM's investments to extend 5G coverage throughout the country by the end of 2025.

TIM was the first operator to activate a 5G millimeter wave antenna in Italy, the first to cover the entire Republic of San Marino with 5G, the first to demonstrate in Italy the operation of a fully remote-controlled car with 5G (together with Ericsson and the Municipality of Turin), and one of the first in Europe to create a live concert event with 5G millimeter wave technology and immersive reality (in collaboration with Qualcomm) in the Pompeii Amphitheater.

TIM has already achieved over 90% coverage with 5G in Milan. The service is available in the main cities and in over 2,300 municipalities for citizens and businesses at a speed of up to 2 Gigabits per second.

Details of further 5G locations can be found at the following link https://www.tim.it/fisso-e-mobile/mobile/mappa-copertura-mobile.

TIM will continue to extend 5G coverage, with the aim of reaching 90% of the population by 2025, as envisaged in the new strategic plan.

Many municipalities will be able to benefit from 5G, also making use of super-fast connections thanks to the FWA (Fixed Wireless Access) solution.

Today, with more than 23 million kilometers of fiber optic cable laid throughout the country, the TIM Group reaches more than 5,750 Italian municipalities with ultrabroadband services, providing services for the benefit of citizens, businesses and public administrations. FTTx coverage is approximately 95% of active lines. TIM's 4G mobile network reaches over 99% of the population (October 2023 data).

By 2025, the Group aims to reach 48% of the country's property units with FTTH.

TIM was also the first operator in Italy and among the first in Europe to launch the consumer and business offer in over 30 cities with high-performance FTTH fiber connections up to 10 Gigabits per second thanks to XGS-PON technology (10 Gigabit capable Symmetric Passive Optical Network).

The benefits of 5G will be evident for:

- consumers - will be able to access a vast range of innovative services based on the Internet of Things with devices connected to fitness sensors, cars, radios, air conditioning systems, household appliances and cameras. Furthermore, it will be possible to enjoy immersive 3D entertainment experiences thanks to the low latency and high bandwidth capacity of 5G;
- businesses - new production processes will be enabled which, thanks to the characteristics of 5G technology and the combination with artificial intelligence, Cloud and Smart robotics, will have greater efficiency, reliability and safety;
- citizens - smart cities will become a reality thanks to the availability of data provided by millions of sensors applied to objects (e.g. electricity poles, traffic lights, etc...) connected to the network. Each municipality will thus be able to have its own Control Room.

The most recent applications and use scenarios of TIM's 5G

5G private network offer for businesses

TIM offers a private 5G network offer for all customers who need dedicated connectivity. The solution guarantees low latency, high traffic capacity, data security and reliability, components to optimize competitive success in many market sectors.

Cars, Transport and Ports

Since December 2022, TIM and Google Cloud have launched the first platform in Italy that enables smart mobility on TIM's Edge Cloud 5G technology and which will make it possible to develop new applications dedicated to connected cars and intelligent transport. The project uses TIM's 5G network in the Bologna and Modena area and will allow MASA (Modena Automotive Smart Area) and the University of Modena and Reggio Emilia to test new solutions for autonomous and assisted driving cars and advanced cloud mobility, which requires dynamic and ultra-secure communication between vehicles and road infrastructure and integration with smart city systems.

- Since June 2022, TIM has participated in the “5G-Carmen” trial, a cross-border project on autonomous and assisted driving services, developed on the 5G mobile network along the motorway stretch on the border between Italy, Austria and Germany. The test demonstrated continuity of service for all motorists moving from one country to another, guaranteeing roaming with the same level of quality of service guaranteed to national users. The project, financed by the European Commission, coordinated by the Bruno Kessler Foundation, sees the collaboration of other operators and players in the sector.
- TIM created the 5G coverage dedicated to the test site on the A35 Brebemi dedicated to the creation and testing of an innovative system of circuits positioned under the asphalt which directly transfer the necessary energy to th e vehicles (cars, trucks, buses). A zero-emission mobility system that includes various elements designed by the industrial excellence involved to interact with each other, such as asphalt, control units, cables, electric vehicles and 5G connectivity.
- TIM is the leader of the consortium working on the 5G MASS (Maritime Autonomous Surface Ship) project, funded by the European Space Agency (ESA) and including CNIT, Cetena, Flysight and Grimaldi. The project involves the creation of a high-capacity, low-latency private 5G network to support the assisted docking use case of a ship from Grimaldi's ECO fleet in the Port of Livorno, thanks to the continuous exchange of information between the ship and the network. Ports, which are essential to the European economy, have to manage ever-increasing volumes of goods and are increasingly considering the need to digitize loading and unloading operations, which also favors shortening port entry and exit times. For further details see https://www.timenterprise.it/approfondimenti/tim-enterprise-rete-privata-5g-livorno.

Smart City

In Venice, the Control Room for the smart city of the future, unique in Italy, brings together in a "control room" solutions to improve the mobility and safety of the city by creating an urban intelligence model based on enabling technologies such as IoT, Artificial Intelligence and Cloud.

TIM Enterprise made the implementation of the project possible with the TIM Urban Genius solution developed in collaboration with Olivetti, a Group company specialized in IoT. "TIM Urban Genius" is a console, equipped with the best digital technologies, which creates a sustainable smart city model capable of responding even to sudden events, to support the administrations, citizens and for the benefit of the community and already adopted by several municipalities of large and small sizes. "TIM Urban Genius" uses the most modern Information Technology technologies, in particular Big Data and Video Analytics and Machine Learning, Internet of Things, Cloud Computing and 5G to provide information and forecasts in real time, to support the decisions of the administrations for the control and measurement of the state of the city, of road and water traffic, for the governance of flows and for assistance with the mobility of citizens, allowing to intervene quickly or in advance in situations of need and to optimize the planning of services.

In this context, in addition to Venice, other projects have been launched, such as the one in Cairo Montenotte, which aims to improve mobility and urban safety, and the most recent one in Assisi, which aims to detect the presence of tourists in the city, based on a special algorithm that allows you to analyze numbers and origins, starting from the data collected by the mobile telephone network, anonymously and in full respect of privacy.

TIM is a partner of the new urban laboratory in Turin "La Casa delle tecnologie emergenti - CTE Next" for the development of strategic sectors such as intelligent mobility, industry 4.0 and innovative urban services. It is a widespread technology transfer center on emerging technologies enabled by TIM's 5G.

TIM has been a partner (since 2022) of the CTE COBO, Casa delle Tecnologie Emergenti of the Municipality of Bologna, which promotes the spread of technological infrastructure throughout the Emilia-Romagna region, aimed at bringing innovation and sustainable growth in strategic sectors such as: Industry 4.0, Cultural and Creative Industry and Innovative Urban Services. It is a widespread technology transfer center on emerging technologies enabled by TIM's 5G for the development of new generation digital services.

Tourism, Culture & Entertainment

The new extended reality technologies represent valid alternatives for contact with spectators and visitors, for the use of contents in museum and archaeological contexts and in the promotion of the territory and culture.

The technological platform allows the creation and customization of augmented and virtual reality experiences and is the result of experiments carried out by TIM's Innovation area. These innovative solutions are currently included in the TIM Enterprise catalogue.

- In December 2023, in Florence, TIM Enterprise, together with the Opera di Santa Croce, presented a project that allows you to combine culture and technology to enhance the Italian artistic heritage.
- Throughout 2024, visitors will be able to appreciate the works inside the Monumental Complex of Florence in an innovative way using 5G millimeter wave smartphones powered by Qualcomm Technologies, on which an augmented reality application developed by Live Reply is installed. A new way of experiencing art

made possible thanks to the high bandwidth capacity and minimum latency of TIM's 5G millimeter wave technology and TIM Enterprise's Extended Reality solutions.

- In October 2023, TIM becomes a partner of the Casa delle Tecnologie Emergenti (CTE) in Naples, an advanced innovation center in the cultural and creative industries sector being built in the East Naples area. TIM will create a 5G network infrastructure indoor dedicated to the new technology center. The infrastructure is aimed at supporting the testing of the services of the companies participating in the project.
- July 2023 - The Jackal Meta-Show. 4 Actors, 2 Robots, Infinite Universes is a comedy set in the multiverse and broadcast live streaming, starring The Jackal and meta-human actors. In this project - which ranked first in the 5G audiovisual tender financed by the Ministry for Business and Made in Italy - as a technological partner, TIM contributed to the creation of the 360° live streaming show, making the 5G network available. In particular, for the filming carried out on the two sets (Rome and Frosinone where the show was held) a private 5G TIM network was used, capable of guaranteeing perfect synchrony of the actors' movements on the different sets as if they were in a single environment. With this trial, the applications of 5G in the entertainment context were tested, where high transmission speeds and low latency are required. Thanks to the characteristics of the 5G network, the proposed solution allowed the very high quality use of audiovisual contents produced in different places - as if they were created in a single environment - and broadcast in live mode.
- In June 2023, for the first stage of the Giro d'Italia Under 23 in Aglièm, the TIM Group created a platform that combines 5G, cloud and artificial intelligence to give fans an even richer experience during the sporting competition. The footage was captured using an innovative live 5G and cloud multiview system, with technology backpacks placed on motorcycles and helicopters to follow the cyclists during the race. Furthermore, an App made it possible to choose multiple shots in real time on the device, with the possibility of viewing the most interesting highlights of the event, selected by an Artificial Intelligence algorithm.
- Since February 2023, TIM has been participating in the Opificio Digitale per la cultura - Casa delle Tecnologie di Genova project, in which it is contributing to the preservation and usability of cultural heritage, security and logistics, thanks to its 5G, IoT and XR technological and application solutions, in collaboration with the Municipality of Genoa and the University of Genoa.

Industrial automation and robotics

Interconnect, exchange data and remotely manage industrial plants, ensuring greater efficiency, reliability, safety and significantly improving the production cycle. The use of dedicated 5G (5G private network) connectivity allows the achievement of the objectives of very low latency and data security required by manufacturing companies.

- In January 2023, TIM Enterprise started the partnership with Ilmea, a metalworking company from Boncore in Salento, among the first in Italy to equip itself with a private 5G network. TIM's 5G Private Network solution enables the interconnection of machines and the production of data functional to business objectives, with all the advantages of 5G on a private perimeter: high security, speed, low latency and flexibility. This service responds to the growing need of companies to accelerate the digitalization process and modernize production chains.
- TIM's 5G virtual private network was inaugurated at the BI-REX in Bologna, which will connect the technologies present in the Pilot Line of the highly specialized Competence Center for Industry 4.0. TIM's dedicated 5G virtual private network will guarantee a stable connection, with low latency and bandwidth, necessary for the optimal functioning of the Pilot Line of the Bologna centre, focused on the Big Data, Additive Manufacturing, Robotics, Finishing and Metrology development areas. An 'Innovation hub' where the most cutting-edge technological solutions enabled by 5G are used.
- TIM, with EXOR International, connects the first 5G factory in Verona: the first Italian smart factory connected thanks to TIM's private 5G network which will allow the development of innovative 'Industry 4.0' solutions. Processes are optimized by taking advantage of the very low latency and the maximum level of security and reliability that characterize dedicated indoor cover. In this way, greater efficiency is guaranteed and the production cycle is significantly improved.
- TIM, together with Ericsson, Google, CIM4.0 and Reply have experimented with an innovative solution for the automation of '5G Network Slicing', making various Industry 4.0 applications available and allowing manufacturing companies to improve their production capacity. Another use case is the one experimented by TIM, with CIM4.0, Santer Reply and Prima Industrie, as part of the funded '5G For Factory' project. The experimentation, applied to the Additive Manufacturing supply chain, used the potential of 5G in terms of low latency, high bandwidth, sensors, reconfiguration flexibility and security. These characteristics have also been enabled by the contemporary use of Edge Computing infrastructures. The use case concerns the remote monitoring of 3D printers during their production process.

Smart Agriculture

TIM Enterprise offers TIM Easy Farm, the precision agriculture, farm management and supply chain traceability service developed with Olivetti for companies in the agri-food sector. Thanks to advanced connectivity and the most innovative technologies such as drones and IoT sensors, Big Data Analytics, artificial intelligence and blockchain, TIM Easy Farm allows you to optimize field operations and the resources used, achieving a reduction in costs, greater quality and sustainability of production and the certification of the activity carried out throughout the entire supply chain, from field to table.

Innovation and research with universities

In 2023, research and development activities have been strongly focused on a model that ensures an eco-system vision that pursues Open Innovation also through collaboration with some Universities of excellence. In fact, 2023 saw TIM focusing on the creation of a real "Open Innovation Ecosystem" centered on the collaboration with Italian Universities in order to develop new Open Lab and Research Projects, as well as through PhD contribution to internalize specialized knowledge, but also for the sharing of technological trends, heralding new growth opportunities within an increasingly global market.

Open Innovation therefore grafts into an integrated ecosystem with the strategic European and Italian departments comprising orders, PhDs, PoCs, the development of demo prototypes, Community Open Source, financed projects and dissemination.

The research with the Universities for Innovation of 2023 has specifically identified some real structured courses on some medium/long-term topics to complete and enrich the internal know-how and construct an all-round overview:

- setting medium-term paths and collaborations;
- continuity of the Research Agreements with specific Framework Agreements with:
  - the Polytechnic University of Turin with 14 research projects on AI&Big Data, Edge&Cloud, IoT, Mobility, Industry, SDN&Optics, Quantum&CyberSec and Radio Evolution;
  - University of Catania with 4 projects on AI&BigData, IoT, Mobility.
  - University of Milan with 2 studies aimed at modeling and design of a 5G simulator with advanced telco edge node functionality. In particular, the modeling of a 5G simulator compatible with the specifications of TIM networks capable of supporting Mobile Edge Computing nodes.
  - University of Naples Federico II with a research and prototyping activity for the definition of innovative service models, enabled by emerging technologies, through 5G technology using the latest generation devices to interact with urban spaces in an innovative way and to improve sustainability of cities by involving the public and private sectors and citizens, and adopting a strongly data-driven approach and the use of latest generation technological enablers.
- continuation of the research contracts with:
  - the CNIT on the topic of 5G, with the aim of defining and developing a realistic simulated environment thanks to the synergic use of MDT data measurement campaigns, network performance data (cell KPI) and electromagnetic simulation software of TIM's TIMPLAN radio mobile networks;
  - University of Turin with a study and experimentation of Large Language Models applied to document management, taking into consideration both technical aspects relating to Natural Language Processing and Human in the Loop aspects concerning the interaction with these technologies (prompt design and engineering).
  - University of Trento with 2 research projects on the topic of Radio Evolution for the development of beamform optimization applications in ORAN architecture.

Some relevant numbers:

- research collaborations worth around 797,000 euros per year in orders across all technology themes of Fixed, Mobile, Cloud, AI, Energy, IoT, Mobility, Industry with various departments for a total of 25 specific research projects;
- the presence of TIM researchers in various capacities in university courses;
- 10 PhDs funded by TIM;
- Quantum Academy (first in Italy);
- collaboration in European and national projects, from the Horizon program to Restart;
- a fruitful collaboration with the research ecosystem in five Industry 4.0 Competence Centers (Birex, CIM 4.0, Smact, Artes, Meditech) and in the Case delle Tecnologie Emergenti (CTE Next in Turin, Genoa, Cagliari, Bologna) promoted by MIMIT. These collaborations include the deployment of high performance 5G radio coverage, such as public access networks, which provide access both to platforms provided by TIM and to applications available on the Internet, or private access networks, which dedicate the available capacity to the users involved and provide access to locally available applications. The use cases are focused on Museums and Cultural Heritage, Smart City, Industry 4.0 and Urban Air Mobility with the development and integration of technological components relating to Extended Reality, Artificial Intelligence, advanced IoT Monitoring Systems and Security/Blockchain.

Research and Development in Brazil

The Architecture & Technology Evolution department[1] is responsible for Research and Development (R&D) activities; its main tasks are to define technological innovation for the network and information technology, to identify evolutionary needs for new technologies and devices, converging architectonic guidelines and strategic alliances in order to use the new business models and guarantee that the network infrastructure evolution is in line with the corporate strategy.

In 2023, the department was made up of over 50 people, including telecommunications, electrical and electronic, IT and other specialists with professional skills and experience, which cover all areas of network and IT knowledge, meeting the need to innovate and support research and development activities.

TIM Lab is the multifunction environment focused on innovation, which also plays a strategic role in supporting credibility tests and trials, as well as PoCs (proofs of concepts), collaborating with the main suppliers and technology partners through knowledge sharing, technological infrastructure for interoperability tests, staff assessment and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation activities and promotes collaborations with universities and research institutes.

[1] Architecture & Technology Evolution within the Chief Technology Office (CTO).

The TIM Lab Innovation Center has moved to São Cristóvão, Rio de Janeiro, in the State of Rio de Janeiro, has a surface area of 850 m^2 and can also be used as an innovation space open to new opportunities, guiding innovation on the Brazilian telecommunications market and acting as national point of reference for R&D[2].

For 2024 TIM Lab plans to expand through investments by strategic partners of TIM S.A.. According to the plans, this expansion will be implemented in a new dimension, with the creation of the TIM Customer Experience Center (CEC), to strengthen the ability to validate new software, features, solutions, technologies, services and devices, and to grow the current structure in order to manage and develop more business and opportunities.

The Architecture & Technology Evolution Department has continued to work on projects and initiatives for the evolution of the business of TIM, which can be grouped into the following macro groups:

- next generation network;
- with a positive impact on the environment and society;
- future Internet applications;
- Open Lab initiatives.

Next generation network projects

The reallocation of the 1,800 MHz, 850 MHz and 2,100 MHz bands from 2G/3G to 4G, with a multilayer deployment configuration, yields important competitive advantages for TIM S.A:

- the reduction of costs for the implementation of LTE[3], the expansion of the LTE coverage area and the activation of the carrier aggregation strategy, improving the customer experience through higher throughput;
- the best indoor coverage. In addition to the expansion of coverage, use of the 850/1,800/2,100 MHz bandwidths could increase the capacity in cities already covered by the LTE bandwidth at 2.6 GHz, at limited additional cost.

In this scenario, over 99% of current LTE terminals are compatible with the 1,800 MHz, 2,600 MHz bands and other available bands. Therefore, the implementation of the multilayer LTE continues to be an excellent strategy that benefits from the spread of devices.

At the end of 2022, TIM SA covered all cities in Brazil, ensuring 100% presence nationwide. A year later, in December 2023, all Brazilian cities also have LTE coverage, thanks to the low-frequency B28 band (700 MHz), whose spectrum release was completed in June 2019. These initiatives have allowed TIM's Industrial Plan to be brought forward by a year.

Also at the end of 2023, TIM SA uses the n78 band (3,500 MHz) in over 200 cities, including all Brazilian capitals, with a 5G SA (Standalone) approach. Furthermore, TIM has a number of antennas almost equal to the sum of those of its competitors.

Projects entailing a reduction of energy consumption

The expansion of "LTE RAN Sharing", in partnership with other mobile operators in Brazil to fulfill regulatory obligations from the 4G spectrum auction, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing[4]" solution, optimizing network resources and costs[5]. At present, this is the largest agreement for RAN sharing worldwide and it supplies 4G services to the main cities of Brazil.

The RAN sharing agreement allows TIM SA to promote the spread of LTE in rural areas of Brazil, thanks to effective sharing of spectrum, access and backhaul[6]. After the acquisition of Oi, the RAN LTE Sharing solution, between TIM SA and Telefónica, based on the MOCN architecture, has expanded the advantages and efficiency of this technical model. In this case the energy consumption recorded for the site, dependent on the access technology and coverage conditions, showed a reduction of up to 10%.

In December 2019, TIM S.A. and Telefónica stipulated new sharing contracts aimed at increasing the network cost efficiency through the following initiatives:

- Single network: sharing of 3G/4G networks in cities with less than 30 thousand inhabitants, using the MOCN architecture, to maintain the infrastructure of only one of the operators in these cities, allowing completely redundant sites to be turned off. At the end of 2023, 11% of the scope of the agreement was implemented, generating energy efficiencies of approximately 1.0 million reais. This perimeter can produce additional savings of approximately 15 million reais in 2024 regarding Tower Co's costs (hosting, rent, basic rent, etc.) after the divestment of the towers. Construction of the rest of the project will continue in 2024.
- 2G Switch-off: nationwide sharing of the 2G network using GWCN technology, enabling both operators to switch off part (approximately 50%) of their network with the same technology, consequently saving on energy and maintenance costs. After a minimum sharing period, operators will be able to completely shut down remaining 2G networks. At the end of 2023, 40% of the scope of the agreement had been achieved, generating energy efficiencies of approximately 6.0 million reais.

[2] TIM Lab of TIM S.A. also collaborates with TIM Lab Italy, which has more than 50 years of experience.
[3] Long Term Evolution.
[4] Sharing the Radio Access Network - RAN.
[5] Infrastructure costs are mainly associated with the introduction of new radiating systems and other electronic components, passive site infrastructure and transport networks; therefore, the sharing of the resources supplied by LTE RAN makes for a significant optimization of costs for telecommunications operators.
[6] In the telecommunications sector, a backhaul network or return network is the portion of a hierarchical network that includes intermediate connections between the core network (or backbone network) and the small sub-networks at the "margins" of the same hierarchical network.

Next generation network projects, future Internet applications, positive impact on the environment and society

UX Mapping & Device Healing - In 2023 TIM SA started the development of an application which will be integrated into the Android Meu TIM app and will have the task of collecting information relating to the user experience (UX) associated with information on the network and on the device, which will be used as one of the inputs for network planning and optimization and for troubleshooting activities. This first phase of the project will lead to the operational launch in the first quarter of 2024. Subsequently, the application will evolve and be able to evaluate the device configuration and perform healing routines (procedures for reconfiguring smartphones to better adapt them to the network) with the user's consent. This device "healing" will be linked to the healing of the network/IT database, providing an E2E process to improve the user experience. The conclusion of this second phase is scheduled for the second quarter of 2024. The total cost of the project is estimated at approximately 1.4 million reais.

Internet of Things - It was back in 2018 that TIM S.A. launched the very first commercial NB-IoT[7] network in South America, to develop innovative services, aware that the mass introduction of the IoT can change the mobile telephony market considerably, because it leverages the creation of services and - amongst others - is a potential tool for agricultural uses, the connection of cars, traceability solutions and social-health care. In 2023 TIM SA developed public services through its NB-IoT coverage, becoming the main public-private partner thanks to the provision of solutions for energy efficiency in public lighting: TIM SA has installed 150 thousand NB-IoT smart lighting devices (27 times more than the previous year).

Agrobusiness - Since 2018, together with Nokia and BR Digital, TIM S.A. has been focusing on agro-food potential in Brazil, offering connections in rural areas (not only for business applications but also for the digital inclusion of Agrobusiness employees and residents of small towns). In 2020, TIM strengthened its position in relation to vertical agriculture[8], with the creation of the ConnectarAgro ecosystem which brings together TIM S.A., solution providers for the agricultural segment and telecommunication solution providers.

5G – Commercial launch occurred in 2020, through dynamic spectrum sharing (DSS) technology, leveraging legacy spectrum. In 2022, 5G Standalone (SA) was launched in all Brazilian capitals and in 2023 TIM SA consolidated its 5G coverage leadership in over 200 cities. TIM SA was also awarded by Open Signal with the first Consistent Quality award[9].

Connected Car - In 2021, telemetry and connectivity solutions for Connected Car user services were developed for Stellantis, designed to support the advanced telemetry and Stellantis assistance services for its vehicles, as well as Wi-Fi connectivity and other added value services for car owners.

5G for the *automotive* sector - In 2023 TIM SA joined the Conecta 2030 project, a collaboration with partners such as IPFacens (Research Institute of the Facens University Center) and Stellantis, which received a grant of 3 million reais from the Brazilian government and is dedicated to improving the safety of pedestrians and cyclists through cutting-edge technologies and 5G connectivity. For TIM SA the main objective is to develop new products/services that can generate new revenues through intellectual property.

Private Networks - In 2022 TIM started offering private networks, with edge core and Multi-Access Edge Computing (MEC) capabilities on the customer premises, allowing the deployment of high throughput, low-latency, and high availability services on 5G. Also in 2022, TIM ran a Proof of Concept with a customer in the automotive industry, successfully demonstrating an automated quality conformance use case. The first deployments were started in 2023, with customers in the agri-food and port logistics sectors.

Open RAN – In 2020, TIM S.A., Telecom Infra Project (TIP) and Inatel launched the Open Field Program to leverage open and disaggregated solutions for the Radio Access Network (RAN). The program was completed in 2023, with field tests at the Inatel campus in Santa Rita do Sapucaí - MG. During the year, it was possible to approve two OEM (Original Equipment Manufacturer) suppliers in the 4G and 5G Open RAN technologies and also to reach the conclusion that the Open RAN environment is not yet fully mature. In 2024 TIM SA is evaluating new Open RAN initiatives to join to continue exploiting this technology.

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[7] Narrowband Internet of Things (NB-IoT) is an LPWAN (Low Power Wide Area Network) radio technology standard developed by 3GPP to enable communication with a wide range of mobile devices and services.
[8] Above ground crops in closed large greenhouses, which are on several height levels, air-conditioned and automated. These systems are 75% more productive than traditional field agriculture and consume about 95% less water.
[9] Open Signal Report "Brazilian Mobile Network Experience," July 2023, available at opensignal.com/reports/2023/07/brazil/mobile-network-experience.

CONSOLIDATED NON-FINANCIAL STATEMENT

TIM, as a Relevant Public Interest Entity (PIE), has prepared and presented a "Consolidated non-financial statement" as a "separate report", as provided for by article 5 *Statement positioning and disclosure regime* of Legislative Decree 254/2016, on the disclosure of non-financial information and diversity information by some companies and some large groups. Moreover, a report issued by the appointed external auditor pursuant to article 3, subsection 10 of Legislative Decree 254/2016 is annexed to the "Consolidated non-financial statement"; the assignment was given to EY S.p.A..

The Consolidated Non-Financial Statement is available in the sustainability section of the website gruppotim.it.

EVENTS SUBSEQUENT TO DECEMBER 31, 2023

See the Note "Events Subsequent to December 31, 2023" in the Consolidated and Separate Financial Statements at December 31, 2023 of the TIM Group and TIM S.p.A., respectively.

BUSINESS OUTLOOK FOR THE YEAR 2024

The new "Free to Run" Plan, which follows the transformation path launched in the previous two-year period, identifies the lines of development for TIM in 2024-2026. Despite a highly uncertain macroeconomic environment, all economic and financial metrics are expected to improve significantly, while maintaining a solid capital structure.

Below are the financial targets based on the new scope (organic data[1], including Sparkle[2]):

- Group revenue to rise by 3% on average per annum over the entire plan period (CAGR 2023-2026) from EUR 14.4 billion pro-forma in 2023[3]; for TIM Domestic revenues to grow by 2% on average per annum over the three-year period from EUR 10 billion pro-forma in 2023[3]. For 2024, Group revenues are expected to grow by 3-4% and by 2-3% for TIM Domestic.
- Group organic EBITDA After Lease to rise 8% per annum on average over the entire plan horizon (CAGR 2023-2026) from EUR 3.5 billion pro forma in 2023[3]; for TIM Domestic, organic EBITDA After Lease to grow by 9-10% on average per annum over the three-year period from EUR 1.9 billion pro-forma in 2023[3]. For 2024, Group organic EBITDA After Lease is to grow by 8-9%; 9-10% for TIM Domestic.
- Organic EBITDA After Lease – Group Capex rising by 1.3 billion euros pro-forma in 2023[3] to c. 2.2 billion in 2026; for TIM Domestic Organic EBITDA After Lease - Capex to rise to around 1.1 billion euros from 0.6 billion euros pro-forma in 2023[3]. Growth of 15-17% is expected for 2024 at Group level and 11-12% for TIM Domestic.
- Reduction in Group debt, with a Debt-to-EBITDA After Lease ratio[4] falling to 1.6-1.7x compared to 3.8x[5] in the pro-forma figures to 2023[3].

The Group forecasts an Equity Free Cash Flow After Lease that is positive in both Italy and Brazil over the plan horizon.

With regard to the individual entities comprising the TIM Group, the industrial plan sets out the following strategic lines:

- **TIM Consumer**: will continue to stabilise its core business, with a gradual increase in fixed and mobile Arpu, while improving customer convergence between the two sectors. In parallel, the 'Customer Platform' model will be developed, with a focus on 'beyond connectivity' revenue growth through new partnerships and opportunities in the household and SME sector.
- **TIM Enterprise**: leveraging its unique positioning and competitive advantages, it will continue its service revenue acceleration driven by further expansion in the ICT market, amplified by positioning in key growth sectors (Cloud, IoT, Cybersecurity). Particular focus will be devoted to the Cloud sector thanks to partnerships with leading global operators and the full operational start-up of Polo Strategico Nazionale (of which TIM is the main shareholder and technology enabler).
- **TIM Brasil**: further growth in revenues and Ebitda is expected, with cash generation growing in double figures over the plan horizon.

[1] Excluding exchange rate fluctuations, non-recurring items and changes in the scope of consolidation. Group data with an average exchange rate of 5.4 R$/€

[2] Sparkle's financial data: revenue net of intercompany turnover ~ € 0.8 billion in 2023 (~ € 0.9 billion in 2026); EBITDA AL ~ € 0.1 billion in 2023 (~ € 0.2 billion in 2026); Capex ~ € 0.1 billion in 2023 (~ € 0.2 billion in 2026)

[3] Unaudited preliminary pro forma data

[4] Shareholder remuneration excluded. [4] Calculated as the ratio of Group Net Debt less After Lease after expected deleverage from the sale of NetCo of EUR 14.2 billion without considering potential price adjustments and earnouts and Group Adjusted Organic EBITDA After Lease less NetCo EBITDA After Lease

[5] Leverage as at December 31, 2023 based on previous Group scope

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:

- 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;
- qualitatively assesses the risks not just individually but also in terms of the portfolio, taking into account correlations;
- supports the management in defining and monitoring risk mitigation plans;
- manages the flow of information towards top management and the bodies responsible for evaluating the Internal Control and Risk Management System (ICRMS), producing the relevant supporting reports.

In this context, we highlight the continued Russia-Ukraine conflict, the emergence 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: the 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, the problems connected to 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 the business and industry

Risks related to competition

The telecommunications market continues to maintain a high level of competition that for the TIM Group entails risks of a reduction in market share and pressure on prices in the geographical areas in which it operates. Adding to a complex picture in the landline market is the recent launch of Iliad (both in the residential segment and, more recently in the business segment), already present in the mobile sector.

In addition to the traditional services of the core business, the importance and competition on the innovative services and converging offers market grows, with the extension towards the world of contents, which increases both opportunities and risks for the operators.

On the infrastructural side, competition remains with small local operators but above all with the national operator Open Fiber for the supply of fiber optic access connections.

The macroeconomic situation and geopolitical tensions have reignited inflationary phenomena in all European countries to levels not seen since the early 1990s, in times before the liberalization of the sector.

In the Italian scenario, which is characterized by retail and wholesale prices that are among the lowest in Europe, inflationary pressures may determine further risks for the sector, which are mitigated by regulatory interventions on wholesale prices and on the methods of retail price adjustment.

Competitive risks in the Brazilian market lie in the rapid transition of the business model tied to both traditional services and the more innovative ones. As the consumption patterns of the customer base change (migration from voice to data services), service providers need to act swiftly in upgrading their infrastructure and modernizing their portfolios of products and services. In this context, the TIM Brasil group could be impacted by the need for rapid development of technologies and infrastructures.

In the domestic context, to achieve the strategic objective of mitigating regulatory constraints, reducing the level of debt and increasing focus on the reference markets, a transformation process is underway aimed at overcoming the structure of a vertically integrated operator with separation of assets fixed network infrastructure from services. In particular, on November 5, 2023, TIM's Board of Directors approved the binding offer submitted on 16 October by Kohlberg Kravis Roberts & Co. L.P. ("KKR") regarding the purchase of TIM's fixed network assets (NetCo), and on November 6, 2023, TIM signed the transaction agreement relating to Netco with Optics BidCo S.p.A. (a subsidiary of KKR). More details on the structure of the transaction can be found in the 'Information for Investors' section of this Report on Operations.

In light of the above-described agreements entailing a different articulation into separate entities and on the basis of the resulting contractual arrangements, the TIM Group may be subject to, inter alia:

- unexpected additional costs or adverse impacts on its business functions as a result of the separation process or fulfillment of obligations to NetCo under such service agreements;
- potential liabilities, during the term of the wholesale agreement, if it fails to satisfy certain obligations, any of which could adversely affect its financial condition and results of operations.

Furthermore, the TIM Group expects that a potential loss of control and deconsolidation of NetCo would result in improvements in the regulatory environment for TIM Enterprise and TIM Consumer in the Italian market, which may these Business Units to compete on fully equal terms with competitors under the applicable laws on competition. However, the new regulatory framework that will result from the consolidation, and in particular the changes to the previous one, will be defined by the competent authorities as a result of the planned proceedings.

Risks associated with agreements with Suppliers and Partners

The TIM Group maintains important relationships with various suppliers of hardware, software and services which it uses for the operation of its network and systems and for customer assistance. Additionally, it relies on various vendors to supply network equipment, mobile phones and accessories needed for its business. It also uses numerous suppliers, particularly in relation to smartphone suppliers, software license suppliers and for the implementation of mobile telecommunications networks. To achieve the transmission capacity and quality levels necessary for the growing number of subscribers and their changing needs, it partly relies on the electronic communications networks of other operators and on the networks created by some local authorities, such as Fastweb, Open Fiber, A2A.

The main suppliers of the TIM Group are engaged in the supply of mass-market products (smartphones and software licenses) and in the supply and creation of mobile telecommunications networks. There are no constraints on the TIM Group to replace these suppliers with other suppliers.

One or more suppliers of the TIM Group may not be able to provide the affected products and/or services. This could impact TIM Group's ability to fully control its networks, offer high-quality services and conduct its operations, or it could result in additional costs, any of which could have a material adverse impact on its business, financial condition and operating results of the TIM Group.

The TIM Group also hires a series of subcontractors for the maintenance of its network, the management of its call centers and the supply, installation and maintenance of terminals set up in its customers' homes. The TIM Group, although operating with a limited number of subcontractors that it carefully selects and monitors, cannot guarantee that their tasks are carried out correctly and fully compliant with the required quality and safety standards or that the tasks are not further assigned to other third party contractors. In the event that the hardware or software products or related services of or by third party contractors are defective, or if the tasks assigned to its subcontractors are not performed correctly, there may be risks associated with the ability to assert recourse claims against suppliers or subcontractors, especially if the guarantees provided for in the contracts are exceeded by those provided for in the TIM Group's contracts with customers, in individual cases, or if the suppliers or subcontractors are insolvent, in whole or in part. Furthermore, this would damage the TIM Group's relationships with its customers and the reputation of its brands.

There is no guarantee that the TIM Group will be able to obtain the hardware, software and services it needs to carry out its business, in a timely manner, on competitive terms and in adequate quantities. The occurrence of any of these risks could create technical problems, damage its reputation, result in the loss of customers and have a material adverse effect on its business, financial condition and results of operations.

Furthermore, the TIM Group has agreed multi-year contracts for the distribution of television content which oblige it to pay the counterparties a minimum guaranteed amount. The evaluation of such contracts, and the estimation of costs associated with them, are subject to a number of risks and uncertainties which include, among others, market dynamics, pronouncements of market regulatory authorities and the development of new technologies at service support. These estimates are reviewed periodically on the basis of actual data in order to ensure that the forecast data remain within reasonably predictable ranges. In the past, we have faced risks related to our internal control procedures with respect to complex contracts and may face similar risks in the future. For example, in the year ended December 31, 2023, the TIM Group recorded provisions for contractual risks for onerous contracts. For further details, see Note 22 of the Consolidated Financial Statements as of December 31, 2023 of the TIM Group. Not all the factors mentioned are under the control of the TIM Group and could therefore have a significant impact on future forecasts regarding the performance of the contracts, the amount of the estimated margin (positive or negative) and/or the cash flows that will be generated.

Risks related to the development of fixed and mobile networks and ICT

To maintain and expand our customer portfolio in each of the markets in which the TIM Group operates, it is necessary to maintain, update and improve existing networks in a timely manner. A reliable and high-quality network is necessary to maintain the customer base and minimize terminations to protect the Company's revenues from erosion.

The maintenance and improvement of existing installations depend on the Group’s ability to:

- deliver network development plans within the time-frames contemplated by business development plans and with the necessary level of effectiveness/efficiency;
- upgrade the capabilities of the networks to provide customers with services that are closer to their needs;
- increase the geographical coverage of innovative services;
- upgrade the structure of the systems and the networks to adapt it to new technologies;
- sustain the necessary level of capital expenditure in the long term;
- expand the capacity of its existing fixed and mobile networks to cope with the increased use of the bandwidth.

A great many of these activities are not entirely under TIM’s control and may be impacted by applicable legislation. If TIM is unable to maintain, improve or update its networks, its services and products may be less attractive to new customers and it may lose existing customers to competitors.

Unforeseeable instant increase in traffic

Considerable, unforeseeable instant increases in traffic due, for example, to live video events streamed on the network by an OTT (Over The Top) may, in some cases, have a major impact on the overall performance of the TIM (fixed and mobile) network for the entire duration of the event, causing slow-downs or temporary blocks to communication, with consequences in terms of reputation and customer satisfaction.

4.5G/5G Broadband and the Internet

The continuous development of internet and broadband services, also thanks to the use of public funds linked to the NRRP (National Recovery and Resilience Plan), constitutes a strategic objective for TIM which aims to increase the use of its networks to compensate for the reduction in traditional voice services. Its capacity to successfully implement this strategy may be negatively impacted if:

- mobile Broadband coverage does not grow as expected;
- the competition grows through to including contiguous market players or technological developments introducing new platforms to access the Internet and/or distribute the Internet;
- it is unable to provide superior Broadband connections and Broadband/mobile services to those offered by its competitors;
- it suffers network downtime or related capacity problems with the network infrastructure;
- delays in obtaining necessary permits and authorizations;
- delays in the supply of materials and devices as a result of possible supply shocks;
- it is unable to obtain a suitable return on the investments made in developing its network.

However, the implementation of UBB 4.5G/5G mobile technologies depends on a series of factors, including the availability and selection of cutting-edge technologies by suppliers of TIM networks/platforms and devices. If TIM is unable to achieve its goals for the implementation of an adequate UBB (Ultrabroadband) mobile coverage, it may lose market share to its competitors in this strategically important segment.

Each of the aforementioned factors can negatively impact the correct implementation of the TIM Group's strategy and, consequently, the TIM Group's business and operating results.

In particular, any delays in NRRP contracts or related activities are subject to pre-determined penalties, which could be significant and even lead to the overall revocation of the contribution assigned to the TIM Group.

UBB fixed access network

One of TIM's goals is to speed up the roll-out of a new telecommunications network that can provide customers with UBB connections, also thanks to the use of public funds tied to the NRRP (National Recovery and Resilience Plan) in the regions in which TIM has been awarded the tender.

However, the implementation of UBB technologies depends on a series of factors, including:

- delays in obtaining the permits and authorizations necessary to install the lines;
- resistance by road managers and public administrations in respect of the use of innovative techniques for excavating and installing fiber opticcables;
- delays in the supply of materials and devices as a result of possible supply shocks;
- increased cost of transport, raw materials and labor of network companies due to inflationary pressure and the increased cost of energy;
- delays in the verifications and controls by SINFI (the national federated infrastructure information system).

If TIM is unable to achieve its goals for the implementation of UBB coverage within the time frame expected, it may lose market share to its competitors in this strategically important segment, which could negatively impact the Group. In addition, in NRRP tenders, any delay in completing commissioning would be sanctioned with pre-determined fines that can be very high indeed and long delays may result in complete revocation of the contribution granted.

ICT assets and services to support the Business

The TIM Group intends to continue to focus on the Information Technology-Telecommunications convergence by addressing the ICT market, offering the management of networks and infrastructures as well as application management services. In particular, as the cloud services market continues to grow, the ICT market is expected to become a key element of its strategy.

For this reason, the Polo Strategico Nazionale ("PSN"), was recently established, of which the TIM Group holds a 45% share, which deals with the design, preparation, setup and management of infrastructures for the provision of cloud services and solutions. for Italian local and national public administrations.

TIM expects that competition in this market will intensify with the entry of new players, especially telecommunications operators that collaborate with IT operators.

Failure or partial implementation of its strategies relating to the development of assets and services to support the business by TIM could prevent the achievement of its objectives in a sector considered strategic, as well as damaging its reputation.

Cyber security risks

Cyber risk is on the increase worldwide and as such requires continual monitoring by TIM, given the sheer amount of IT assets the company manages in terms of own TLC infrastructure and assets necessary to deliver services to customers, some of which, considered essential, come under the scope of recent legislation governing the National Cyber Security Perimeter.

Cyber attacks can interrupt availability of service and compromise data, putting the company's reputation as supplier of critical national infrastructures at risk, as well as resulting in financial losses, reduction of market share and regulatory sanctions.

In view of these considerations, particular attention was paid to protecting networks from main threats (e.g. viruses, malware, hackers, data theft). With a wide range of attackers (Cyber-Criminals, Cyber-Terrorists, Insiders, etc.), TIM carries out activities not only to safeguard its infrastructure but also – with a strong sense of responsibility – to protect customers' information assets, that are a priority target for the company and for the country system.

As regards prevention, TIM monitors cyber risk analyses, defining security plans for the company's IT assets, to identify the actions necessary to mitigate cyber risk in advance and guarantee a security by design approach, also monitoring the plans of these actions and controls on actual adoption in the field. The company has also prepared advanced test laboratories to test the devices for safety before they are released to the field and isolated environments used to identify possible vulnerabilities in the hardware and software products used in its network.

As for its identification of and response to cyber attacks, the Security Operation Center (SOC), operates 24/7, 365 days a year, in order to manage IT security incidents and help limit their impacts. TIM has also implemented an insurance program to cover cyber risks.

As regards the understanding and prevention of cyber threats, TIM is equipped with a dedicated Cyber Threat Intelligence structure which acquires, processes and uses data and information from multiple external sources (public, private, institutional and the deep and dark web) to increase its capacity to identify and timely combat emerging threats and outline evolving risk and threat scenarios.

Information exchanges and collaboration with the National Cyber Security Agency (ACN) and other institutions (e.g. National Cybercrime Center for the Protection of Critical Infrastructures - CNAIPIC) are included in this context.

In relation to the Russia-Ukraine conflict and the crisis in the Middle Eastern context, TIM continues to act in coordination with the National Cyber Security Agency (ACN).

More specifically, following the evolution of the crisis and the information exchanged on a European level and with NATO, TIM has been invited to raise the level of alert in connection with the cyber risk.

Business Continuity Risks

The success of the TIM Group largely depends on the continuous and uninterrupted performance of its IT systems, networks and some hardware and data centers that it manages for its customers. Furthermore, TIM Group operations involve the daily processing and storage of large amounts of customer data and require uninterrupted, accurate, permanently available, real-time and secure transmission and storage of customer data and other type in accordance with applicable laws and regulations.

The technical infrastructure of the TIM Group (including the network infrastructure for fixed and mobile telecommunications services) and the assets managed on behalf of customers are vulnerable to damage or interruptions due to technological failures, blackouts, floods, storms, fires, terrorist acts, illegal acts, human errors and similar events. Unforeseen problems at TIM Group facilities, system failures, hardware and software failures, computer viruses and cyber attacks (including information theft, data corruption, operational interruptions or financial losses related to the foregoing) and data loss, as well as attacks terrorist attacks against its infrastructure could affect the quality of its services and cause service interruptions. Each of these events could result in a reduction in user traffic and revenue and could negatively impact the TIM Group's customer satisfaction levels, reduce its customer base and damage its reputation.

TIM has adopted a "Business Continuity Management System" (BCMS) framework in line with international standards, to analyze and prevent these risks.

TIM considers Business Continuity a fundamental factor for the protection of the Group's Value and Reputation, in the provision of its services and in full compliance with what is defined in customer contracts, in sector regulations and, more generally, in consistency with reference methodologies and best practice.

TIM implements an ongoing management and governance process which, supported by the Company Management, ensures that the necessary steps are taken to identify the impact of potential losses, that recovery plans and strategies are practical and that continuity of services is guaranteed through training programs, tests, exercises and periodic updating and revision activities.

TIM also carries out period risk assessments of the corporate assets with a view to assessing and mitigating the risks of possible direct damages and/or interruptions of business, equally implementing specific insurance programs to cover these risks.

Since 2021, TIM has started the ISO 22301 certification process (Security and resilience - Business continuity management systems) relating to the governance of its BCMS and the most important processes. To date, 41 processes have been certified in the areas: Technology, Customer Operations, Sales, Financial, Security and HRO. This will make it possible to both improve the continuity of services offered and provide greater guarantees in this respect to its stakeholders.

Fraud risks

Technological progress means that increasingly sophisticated tools and techniques, which are quick acting and have a considerable economic impact are available for the perpetration of fraud and abuse.

"Conventional" phenomena such as subscription, interconnection, and commercial fraud currently generate the highest part of revenue loss and will continue to be significant in the near future, however new types of Internet-style fraud are gradually gaining more ground (Internet spamming/phishing, service reselling, VoIP bypass, etc.). Furthermore, some specific types of provided services (e.g. wholesale interconnection, voice or data services, Premium services) are potentially at risk of third party use for the construction of fictitious transaction schemes, tax avoidance offenses and/or international money laundering.

The TIM Group has had an established organizational model based on the governance of fraud in place for some time. It envisages a series of fraud risk assessments that, together with the evidence of internal and external fraud management, help identify, plan and monitor the operative supervision of the prevention of and fight against fraud.

The procedure to combat external fraud, drawing on company processes at risk of the offenses contemplated in Italian Legislative Decree no. 231/2001 being committed, sets out internal control mechanisms, including instructions on how employees and Company staff/partners (including suppliers) must behave (prevention). In the detection stage, potential cases of fraud are identified and after a preliminary check of the possible grounds the cases may be subject to Investigation and Tackling. To complete the fraud management end-to-end cycle, the results of actions taken are assessed with monitoring and any actions to improve the fraud management process are identified.

The fight against internal fraud, implemented in compliance with the limits imposed by the recently updated trade union agreements prohibiting distance monitoring of staff at work, is carried out through the detection of information relating to the concentration of anomalous operations that flag-up possible cases of serious wrongdoing.

Risks linked to the main sustainability topics

For many years now, the Group has been actively involving and systematically consulting with its stakeholders with a view to improving environmental, social and governance (ESG) performance. The results of the stakeholder engagement activities, as seen from the materiality matrix, are reflected in the ESG Plan, which is key to the Group's three-year Strategic Plan.

The plan of action in support of the ESG strategy aims to assure a concrete, significant impact on business development, which has upheld goals of environmental protection and social inclusion.

Below are the main ESG risks and events that affect TIM:

Climate and the circular economy

The TIM Group value chain and operations have a negative environmental impacts, in particular in terms of **greenhouse gas (GHG) emissions** and **electronic waste** (or "e-waste"). Most of the greenhouse gas emissions are generated in the supply chain, whilst electronic waste mainly comes from the end of the life cycle of mobile devices, routers and network devices.

The TIM Group is seeing **increasing demands and expectations** on the part of customers, institutions, investors and other stakeholders, which call for the management of the negative environmental impacts deriving from greenhouse gas emissions and electronic waste.

There is also **increasing regulatory pressure**, at both a national and European level, in connection with topics such as energy efficiency in data centers and the extension of the life cycle of electronic devices. **These provisions may increase the Company's costs.**

The TIM Group has set itself the goal of becoming carbon neutral by 2030, also thanks to the commitment to purchase 100% renewable energy by 2025. In addition, it has also undertaken to reach net zero emissions by 2040 and to reduce the emissions of its value chain (Scope 3) in connection with the purchase of goods and services, the purchase of instrumental assets and the use of products sold to customers, by 47%.

The worsening of climate change, with the continuous **increase in global average temperatures** increases the probability and severity of **extreme weather events**, such as heat waves, flooding and wind storms that can cause major interruptions to telecommunications and ICT services, reduce the efficiency of work (hours effectively worked) and consequently impact TIM's business. **More extreme weather conditions can also result in the need for additional investments** in cooling technology and other, more resilient infrastructures.

Failure to implement **circular business models**, like the offer of products designed by applying environmentally-sustainable criteria or using recyclable materials can result in fewer cost saving opportunities and the failure to make additional revenues.

Being unable to satisfy the **requests and expectations of stakeholders** can impact reputation, result in lesser revenues or limit access to sustainable finance.

The increase in electricity prices, the availability of renewable energy certificates or the potential introduction of a carbon tax may also increase the operating costs for the Company.

Social inclusion

The digital divide is an obstacle to the dissemination of digitization, the growth of the country and the correlated connectivity services, with the risk of commercial repercussions.

TIM is very much committed to promoting digital inclusion in Italy, also thanks to NRRP tenders, like those for the "Scuola Connessa" and "Sanità Digitale" or the PSN plan aiming to strengthen the digitization of the Italian public administration.

To promote digital inclusion, TIM also looks to digital identity services: **more than 5 million services** are operative including certified e-mail, digital signature and the public digital identity system (SPID) allow citizens and businesses to access the online services of the public administration.

Failure to implement the digital inclusion strategy could damage the reputation even worse than cause a loss in revenues.

Personnel competences and engagement

The capacity to attract and retain qualified, specialized, motivated personnel is key to the success in pursuing the strategic goals and achieving a high level of customer experience.

To secure the right skills, TIM needs to recruit, develop and retain highly qualified employees in the ICT and cybersecurity sector. The search for this type of personnel is becoming more and more challenging, and their absence may affect TIM's ability to develop new or high-growth business areas and thus realise its strategy.

Financial risks

The TIM Group may be exposed to financial risks, such as risks arising from fluctuations in interest rates and exchange rates, credit risk, liquidity risk and risks related to the performance of the equity markets in general, and, more specifically, risks related to the performance of the share price of the TIM Group companies.

Generally, the TIM Group hedges exposure in foreign currencies but not the risk of transfer relating to its foreign subsidiaries. According to the Group policies, hedging of the exposure in foreign currencies is mandatory when relating to the financial liabilities. Therefore, the TIM Group - which has stipulated and may continue to stipulate a portion of financing in currencies other than the euro, mainly in US dollars - in line with its risk management policies, generally covers this exposure to exchange rate risk through cross-currency and interest rate swaps. However, the hedges may not manage to effectively protect the TIM Group from adverse changes in the exchange rates. With regard to translation risk, the performance of the euro exchange rates with respect to the other currencies (in particular the Brazilian real) may have a negative impact on the consolidated results. Appreciation of the euro with respect to the currencies of certain countries in which the TIM Group operates or has made investments, will reduce the related value of the revenues or assets, of the transactions implemented in such countries and, therefore, may have a negative impact on the operating profit or financial position.

In addition, the TIM Group is also exposed to the interest rate risk on the portion of its consolidated gross debt that is index-linked to variable rates. The decision to maintain a certain debt structure at fixed and variable rates aims to minimize the negative impact of the interest paid and is partially achieved through the use of derivatives, through which variable-rate liabilities are synthetically converted into fixed-rate instruments. Any change to interest rates that has not been adequately hedged by derivatives may have an impact on the economic profile of TIM's variable rate financial liabilities, which may have negative impacts on the results of its transactions and on cash flows.

An increase in sovereign spreads and the risk of default they reflect, in the countries in which the TIM Group operates, may impact the value of its assets in such countries.

TIM may also be exposed to financial risks such as those linked to the performance of the stock markets in general and, more specifically, risks linked to the trend of the share price of the TIM Group companies.

These risks may adversely impact the earnings and the financial structure of the Group. Accordingly, to manage those risks, the TIM Group has established guidelines, at central level, which must be followed for operational management, identification of the most suitable financial instruments to meet set goals, and monitoring the results achieved.

In particular, in order to mitigate the liquidity risk, the TIM Group aims to maintain an "adequate level of financial flexibility", in terms of cash and syndicated committed credit lines, enabling it to cover refinancing requirements at least for the next 12-18 months.

Commercial Credit Risk

The operations of the TIM Group depend significantly on the ability of its customers to pay for its services. In Brazil, pursuant to Anatel legislation, the TIM Group is authorized to take certain measures to reduce customer defaults, such as limiting the services that the TIM Group provides to customers with a history of defaults. If the TIM Group is unable to take measures to limit its subscribers' missed payments or to allow it to accept new subscribers based on credit history, the TIM Group will remain subject to bad debts that could negatively impact its expected results.

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 Israeli-Palestinian conflict and the structural transformation of the energy markets.

According to ISTAT, in the third quarter of 2023, Italian GDP recorded positive growth of 0.1% compared to both the previous quarter and the third quarter of 2022, while for 2023 growth should be around 0.7%. For next year too, expectations of growth of the same size depend on the actual fulfillment of expectations of further growth in employment, a deceleration in inflation and a partial recovery in wages.

The volatility in the energy prices impact European industry, especially the more energy-intensive sectors. The shock of the energy supply in 2022 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. Furthermore, the recent Israeli-Palestinian conflict could produce further unbalancing effects, with energy problems, considering the importance of the region which hosts the main oil producers, but also the main maritime routes through the Gulf of Suez.

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 2023 and part of the 2024 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. Additionally, a heightened sense of geopolitical risk and stress within global supply chains following the Covid-19 pandemic and the Russia-Ukraine conflict are contributing to fears of slowing global trade growth. A series of targeted interventionist policies by the West against countries that depend on imports of advanced technology and growing tensions between the United States and China could exacerbate an already tense situation.

As regards Brazil, growth is affected by the slowdown in the global economy, in particular in 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%[1]. 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 the moment 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.

Should military, economic and political tensions continue to rise, the situation could have serious global consequences by imposing a serious threat to global security that could increase and intensify risks for the TIM Group. These risks include the safety and security of the TIM Group's workforce, the possibility that cyber attacks could target the networks and data of the TIM Group or its customers, an increased likelihood of a supply chain shock that would result in higher inflation in the short and medium term.

In particular, for the Telecom Italia Sparkle group (part of the TIM Group) that operate in the areas impacted by the Russia-Ukraine conflict, there were no significant repercussions on commercial relationships, in the demand for international services from the areas affected by the conflict and in essentially regular collections of trade receivables. The assets of the TIM Group in the countries concerned are not significant. The Russia-Ukraine conflict also led indirectly to a general increase in energy prices, a rise in inflation and, ultimately, the cost of financing. Additionally, the Russia-Ukraine conflict could involve cyberattacks against countries that support economic sanctions against Russia. The TIM Group entities, in coordination with the National Cybersecurity Agency ('ACN'), raised the ICT monitoring alert level for cybersecurity risks.

With regard to the Middle East conflict between Israel and Palestine, which arose at the beginning of October 2023, and the associated turmoil in the Red Sea area, the implications for the Group are still uncertain and should become clearer over time. However, upon initial examination, there could be impacts both in terms of cost volatility (e.g. energy) and in international commercial relations.

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.

Risks relating to the legislative and regulatory context

The TIM Group may be exposed to risks of non-compliance (Compliance Risks) due to non-observance/breach of internal (self-regulation, such as, for example, bylaws, code of ethics) and external rules (laws, regulations, new accounting standards and Authority orders), with consequent judicial or administrative penalties, financial losses or reputational damage.

The TIM Group aims to ensure that processes, and, therefore, the procedures and systems governing them, and corporate conduct comply with legal requirements. The risk is associated with potential time lags in making the processes compliant with regulatory changes or whenever non-conformances are identified and is monitored by the dedicated internal control system.

[1] Banco Central do Brasil - Inflation Report - September 2023

The TIM Group has to deal with disputes and litigation with tax authorities and government agencies, regulators, competition authorities, other telecommunications operators and other entities. The possible impacts of such proceedings are generally uncertain. In the event of settlement unfavorable to the Group, these issues may, individually or as whole, have an adverse effect, which may even be significant, on its operating results, financial position and cash flows.

Regulatory risks

The electronic communications industry is highly regulated. As such, new decisions by the Italian Communications Authority (AGCom) may lead to changes in the regulatory framework that may affect the expected results of the Group and the guidance announced to the market. In addition, the position of significant market power held by TIM In the fixed-line access markets and the structure of the mobile markets results in high levels of scrutiny from the AGCM (the Italian Competition Authority) over competition in the sector.

The main elements that introduce uncertainty are:

- lack of predictability in start-up timing and consequent final decisions in new proceedings by AGCom and AGCM (the Italian Competition Authority);
- any AGCom decisions regarding tariff policies, including with retroactive effect (e.g. review of prices relating to previous years, effectiveness and effective implementation of repricing policies, also following judgements by the administrative judge);
- AGCom decisions that can influence the technological choices, with potential impact on the timing of return on infrastructure investment;
- any AGCM (the Italian Competition Authority) decisions that can limit TIM's competitive capacity (for example, in terms of minimum retail prices to guarantee replicability);
- any alleged inadequacy in the implementation of processes and systems for the management of regulated services, identified by AGCom or AGCM (the Italian Competition Authority);
- any AGCom or AGCM (the Italian Competition Authority) decisions that impose constraints on the pricing of fixed-line and mobile offers on the basis of consumer protection legislation.

General Data Protection Regulation (GDPR)

Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR), which became directly applicable as from May 25, 2018 and has been enacted in Italy by Legislative Decree no. 101/2018 has increased administrative fines considerably compared to the Data Protection Act previously in effect, and in some cases fines of up to 20 million euros may be administered, or in the case of companies, of up to 4% of their global annual turnover of the previous year, if this amount is higher than 20 million euros.

In order to guarantee - in TIM and under the scope of the Group Companies - the conformity of personal data processing with the GDPR and the Personal Data Protection Code (Italian Legislative Decree no. 196 of June 30, 2003), TIM adopts all the initiatives necessary to comply with said provisions. More specifically, in 2022, a project was launched to revise TIM's privacy model, which resulted in the update of the processing register and the texts of all disclosures on personal data processing, provided by TIM and the other Group companies to different types of Data Subjects (e.g. customers, employees, visitors).

The Company's operative processes have been adapted according to the principle of privacy-by-design, with special attention paid to the commercial, relations with customers and technological processes, adopting the methods defined by corporate regulations dedicated to the application of the GDPR and the provisions of the Data Protection Authority. Personal data processing, where specific risks are entailed, is subject to preventive Privacy Impact Assessment (PIA) according to the indications of the European Data Protection Board (EDPB), it is censused and the related responsibilities are attributed to the suitable managerial level of the Company's organization, as envisaged by the Privacy Code in application of the accountability principle laid down by the GDPR.

TIM constantly monitors the evolution of the rules, regulations and opinions adopted by the Data Protection Authority (GPDP), takes all steps necessary to ensure compliance with such provisions and also undertakes to maintain and continuously verify the effectiveness of the controls adopted.

However, the risk of shortcomings in the implementation of security measures, in compliance with legal requirements governing data processing, in applying rules on data storage, in notifying data breaches by the mandatory strict (and narrow) deadlines, could lead to disputes with the data protection authority and the consequent application of sanctions. In addition, the risk of personal data breach can lead to disputes with data subjects and reputational damages, consequently impacting TIM's business.

Health and Safety at Work

TIM ensures compliance with legislative provisions regarding health and safety in the workplace aimed at preventing possible accidents and damage to health in any way connected to the performance of work. To this end, it assesses the risks to the safety and health of workers with the aim of progressively reducing them to a minimum and prepares the relevant risk assessment document, adopting the principles, standards and solutions with the aim of achieving "zero accidents at work", implementing appropriate preventive measures and verifying their adequacy and effectiveness.

Raising awareness and involvement on health and safety policies and objectives and relating to internal control systems, as well as training and information on the risks and control measures adopted, are considered fundamental tools for achieving the expected results. In order to further integrate and strengthen internal management and control methodologies, as well as to promote initiatives aimed at raising the quality of working environments with the aim of improving their liveability and the well-being of employees, a new management system compliant with recognized standards (ISO 45001) was also launched in 2021, having as its perimeter all processes relating to managed real estate assets for office and mixed use.

Golden Power

The issuing of the so-called "Golden Power" Decrees, with reference primarily to Legislative Decree no. 21/2012, aimed at attributing to the State special powers on corporate structures in the sectors of Defense and National Security, as well as for activities of strategic importance, in the specific Telecommunications sector, affects the public-private relationship, enriching the value of technological assets and services included in the Golden Power perimeter due to the institutional purpose pursued. This could, on the one hand, limit TIM's autonomy in carrying out its activities in the area of strategic services, but on the other hand, TIM, as a strategic operator, can guarantee advantages to its shareholders by making any change of control of TIM more complex, thus protecting investments and guaranteeing a higher level of security of strategic assets and services.

In summary, the Prime Minister established that the Company is subject to the obligations pursuant to Legislative Decree no. 21/2012 (the "Golden Power Decree", setting out special powers rules) in the provision of September 28, 2017, as a business that:

- carries out "activities of strategic importance for the defense and national security system" (as per article 1 of the Decree Law) and
- possesses networks and systems "necessary to ensure the minimum supply and operation of essential public services" and goods and relationships "of strategic importance for the national interest" in the communications sector (as per article 2 of the same Decree Law).

Failure to comply with these obligations, provided that the facts do not constitute a crime, shall result in the imposition of administrative fines of up to twice the value of the transaction, but in no case less than 1% of the company's turnover or the cumulative turnover of the companies involved in the last financial year for which the budget was approved.

The regulatory architecture relating to TIM led to the issuing of the Prime Ministerial Decrees of October 16 and November 2 in 2017.

With the ruling of October 16, 2017, the Prime Minister exercised the special powers provided for in article 1 of Legislative Decree no. 21/2012 by imposing specific provisions and conditions on TIM and the subsidiaries Telecom Italia Sparkle and Telsy. Amongst others, the measures concern corporate and organizational governance; in particular, the obligation is imposed to ensure the presence on the respective Boards of Directors of a Security Chief Executive Officer - currently coinciding with the Chief Executive Officer - (who has Italian citizenship and security authorization), as well as the establishment of a Security Organization unit. The latter, directed by the Security Officer, is responsible for activities relevant to national security and is involved in all decision-making processes relating to strategic activities and the network.

With a ruling on November 2, 2017, the Prime Minister's Office also exercised the special powers provided for in article 2 of the Legislative Decree no. 21/2012, through the imposition on TIM of further requirements and conditions with the aim of assuring suitable development plans, able to guarantee a continuity of supply of the universal service.

In case of non-compliance or violation of the provisions and conditions imposed by the two Prime Ministerial Decrees of 2017, the application of the sanctions referred to in Legislative Decree no. 21/2012 mentioned above.

Failure to observe the provisions envisaged in order to exercise the power of veto, except where the matter is an offense, results in the application of a pecuniary administrative sanction of up to double the value of the transaction and in any case no less than 1% of the cumulative turnover.

The government's ruling has subsequently evolved through Decree Law no. 21/2022 (Urgent measures to combat the economic and humanitarian effects of the Ukraine crisis), converted with amendments by Italian Law no. 51/2022, which introduced new features regarding both corporate management and 5G technology-based communication services.

As regards the latter issue, by this Decree, the legislator renewed the close attention paid to 5G, insofar as an activity of strategic importance for defense and national security, extending the scope of reference from the non-EU supplies taken as reference by the previous Law no. 41 of 2019 to include any supply relating to 5G, regardless of the geographic location in which the supplier is based, and redefined the State's special powers.

More specifically, the Decree made it mandatory for companies to preventively notify the Presidency of the Council of Ministers an Annual Purchasing Plan of goods and services in 5G technology, with the possibility of making four-monthly updates.

The Plan is subject to approval by the government, which may potentially also lay down conditions or requirements; failure to notify results in a sanction being applied to the company in the amount of up to 3% of its turnover.

In relation to the annual plans presented by TIM in July 2022 and May 2023, the Presidency of the Council of Ministers exercised the special powers provided for by the Art. 1-bis of Legislative Decree 21/2012, through the imposition of specific requirements in order to protect the essential interests of defense and national security.

National Cyber Security Perimeter

The framework of provisions regarding National Security has flanked the Golden Power regulations with those relating to the National Cyber Security Perimeter (PSNC), established by Law no. 133/2019, converting Decree Law no. 105/2019.

The regulations in this area are hinged on three elements, governed by the subsequent implementing decrees, which constitute the same number of obligations for TIM, as strategic operator: the adoption of security measures aimed at guaranteeing high security levels for ICT assets, the secure award of ICT supplies and the notification of security incidents.

Compliance with the obligations laid down by regulations governing the PSNC means, for TIM, an impact in organizational terms and as regards operative processes, in line with the restrictions aiming to guarantee a high level of security of networks, information systems and the computer services of public administrations, public and private operators and entities based in Italy, in consideration of the fact that such elements are responsible for the performance of a service that is essential for the maintenance of civil, social or economic activities, fundamental for the interests of the State and the malfunctioning, interruption, even partial, or improper use of which could damage national security.

Failure to comply with regulatory obligations in the PSNC area for TIM entails administrative sanctions that can reach up to 1.8 million euros. Furthermore, the use of products and services in the absence of the required communications to the relevant authorities, or of passing the tests or in violation of the established conditions may lead to the application of the additional administrative sanction of inability to assume management, administration and control roles. in legal entities and businesses, for a period of three years starting from the date of discovery of the violation. Finally, anyone providing information, data or elements of fact that are not true, in order to hinder or impact procedures and inspections and supervision, shall be punished by imprisonment from one to three years.

INFORMATION FOR INVESTORS

Share capital of TIM S.p.A. at December 31, 2023

Share Capital	11,677,002,855.10 euros
Number of ordinary shares (without nominal value)	15,329,466,496
Number of savings shares (without nominal value)	6,027,791,699
Number of TIM S.p.A. ordinary treasury shares	105,062,422
Percentage of ordinary treasury shares held by the Group to total share capital	0.49%
Market capitalization (based on December 2023 average prices)	5,934 million euros

On May 25, 2016, the Shareholders' Meeting approved amendments to the company name, introducing the name "TIM S.p.A." as an alternative to "Telecom Italia S.p.A.".

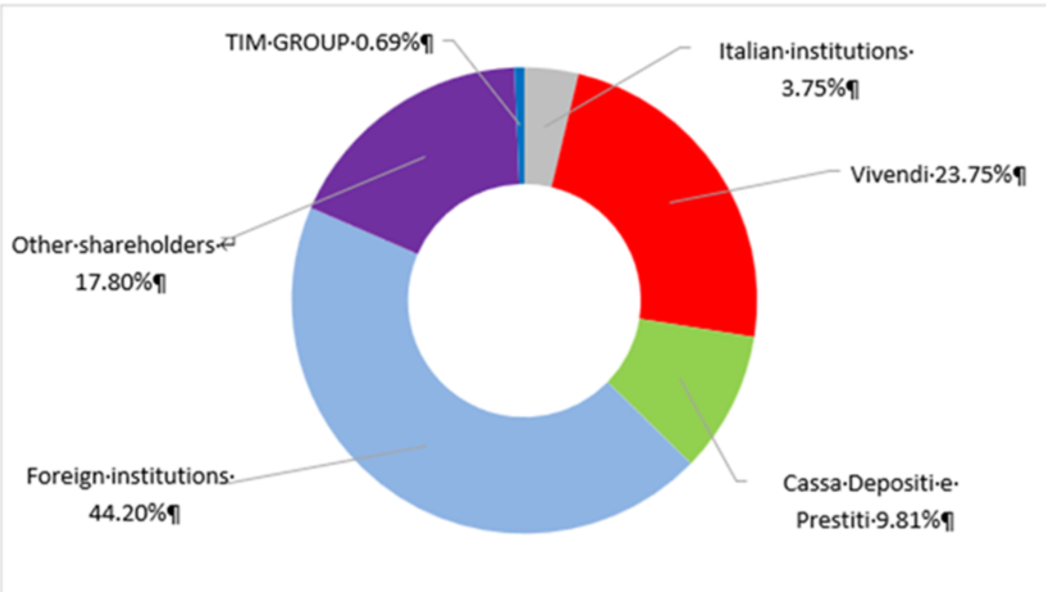
TIM S.p.A. ordinary and savings shares are listed on the Italian stock exchange (FTSE index), whereas the ordinary shares of TIM S.A. are listed in Brazil under B3.

	TIM - Telecom Italia		**TIM S.A.**
Code	ordinary shares	savings shares	
Stock exchange	IT0003497168	IT0003497176	BRTIMSACNOR5
Bloomberg	TIT IM	TITR IM	TIMS3 BZ
Reuters	TLIT.MI	TLITn.MI	TIMS3.SA

Ordinary shares of TIM S.A. were also listed on the NYSE (New York Stock Exchange); share prices are set through ADS (American Depositary Shares) representing 5 ordinary shares of TIM S.A.

Shareholders

Shareholder composition according to the Shareholders Book at December 31, 2023, supplemented by communications received and other available sources of information (ordinary shares):



Major Holdings in Share Capital

Based on the Shareholders Book, the notifications sent to Consob and to the Company pursuant to article 120 of Legislative Decree No. 58 of February 24, 1998 and other available information, the following major shareholdings **(above the threshold of 3%)** in the ordinary capital of TIM S.p.A. exist:

Holder	Type of ownership	Percentage of ownership
Vivendi S.A.	Direct	23.75%
Cassa Depositi e Prestiti S.p.A.	Direct	9.81%

Common Representatives

The special meeting of the savings shareholders held on June 28, 2022 renewed the appointment of Dario Trevisan as the common representative for three financial years, up to the approval of the financial statements for the year ended December 31, 2024. Upon completion of the shareholders' meeting called to approve the financial statements for the year 2024, the general category meeting will be called to renew the common representative of savings shareholders.

Rating at December 31, 2023

At December 31, 2023, the three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rated TIM as follows:

	Rating	Outlook
STANDARD & POOR'S	B+	Under review for upgrade
MOODY'S	B1	Under review for upgrade
FITCH RATINGS	BB-	Under review for upgrade

On November 6, 2023, Moody's placed Telecom Italia's B1 rating under review in view of a possible future upgrade.

On November 9, 2023, Standard & Poor's placed Telecom Italia's B+ rating under review in view of a possible future upgrade.

On November 10, 2023, Fitch placed Telecom Italia's BB- rating under review in view of a possible future upgrade.

TIM: NetCo disposal

During the meeting held on July 6, 2022, TIM's Board of Directors approved the strategic objective of reorganizing the company with a view to overcoming the vertical integration and conferred a mandate on the CEO to assess and submit to the administrative body for all necessary resolutions, any transactions or possible transfer and valuation agreements for certain Group assets, with a view to achieving this strategic objective.

On November 3, 4 and 5, 2023, the Board of Directors of TIM S.p.A., at the outcome of an extensive and thorough review, conducted with the assistance of leading financial and legal advisors, examined and accepted the binding offer submitted on October 16, 2023 by Kohlberg Kravis Roberts & Co. L.P. ("KKR") for the acquisition of TIM's fixed-line network assets and the equity interests held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), by Optics BidCo S.p.A. (a subsidiary of KKR).

In execution of the resolutions adopted, TIM S.p.A. signed the transaction agreement with Optics BidCo which regulates:

- the contribution by TIM S.p.A. of a business unit - consisting of activities relating to the primary network, wholesale activity and the entire shareholding in the subsidiary Telenergia Srl - in FiberCop S.p.A., a company that already manages the activities relating to the network secondary fiber and copper, and
- the simultaneous purchase by Optics Bidco of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself, following the aforementioned transfer.

The transaction agreement provides that on the closing date, master services agreements will be signed, which will regulate the terms and conditions of the services to be rendered between NetCo and TIM S.p.A. following the completion of the transaction.

The transaction agreement also provides that the consideration for the sale of the equity interest may also be partially paid through the transfer of part of the TIM Group's debt at the closing of the NetCo transaction (so-called liability management). On March 6, 2024, TIM's Board of Directors resolved to grant a mandate to the Chief Executive Officer to implement the activities necessary to carry out the debt transfer transaction by means of a series of exchange offers, concerning certain series of bonds issued by the TIM Group and maturing in 2026.

The completion of the transaction is expected in the summer of 2024, once the preliminary activities have been completed and a number of conditions precedent have been satisfied (completion of the transfer of the primary network, Antitrust authorization, authorization regarding distortive foreign subsidies); the transaction has already obtained the authorization required by the Golden Power rules, as per the press release issued on January 17, 2024.

When these activities are completed and the conditions precedent are fulfilled, NetCo will be classified as an Asset held for sale in accordance with IFRS 5.
The offer values NetCo at an Enterprise value of 18.8 billion euros. Increases are also expected from the potential transfer of part of the debt to NetCo and from earn-outs linked to the fulfilment of certain conditions for a total value of 3.2 billion euros.

In particular, the offer assumes that at closing the price of the business unit being transferred to FiberCop is subject to adjustment (usual for this type of operation) in relation to certain predefined parameters and targets, such as, inter alia, the cash and debt transferred, the level of working capital, the cost recorded in the last 12 months of transferred employees and compliance with some investment and installation objectives of the fiber optic network.

The completion of the transaction will allow the Group a debt reduction of approximately 14 billion euros and a solid capital structure with a ratio between net debt and EBITDA of less than 2 times (After Lease).

It should be noted that, on December 15, 2023, the Company was served an ordinary writ of summons from the shareholder Vivendi, contesting the legitimacy of the aforementioned board resolution of 5 November approving the aforementioned transaction. Vivendi did not make file for interim measures or ask as a matter of urgency to inhibit the execution of the resolution and the consequent negotiations. The Company appeared in the proceedings to contest the merits of the arguments and petitions filed by Vivendi, confirming the legitimacy of the resolutions adopted by the Board of Directors and the agreements signed with Optics BidCo for the transaction, which will be carried out on time and in the manner envisaged.

		ServiceCo		Sparkle	NetCo
		TIM Consumer:	TIM Enterprise	Wholesale	Wholesale
Commercial & Legal	Brands and legal entities	TIM Kena TV	TIM Enterprise	Sparkle	FiberCop
	Target markets	Consumer + SMB	Large Corp. & PA	International	National
Access Network	Secondary & Cabinets		Selected fibers IRU (2)		Ducts / mini-ducts and fibers
	Primary	Selected fibers IRU (1)			
	Access Electronics & Central Office HW				Distr. Frame/ DSLAMs / OLT
	Central Offices spaces & Ancillary systems		Data Centers		
	Real Estate	Selected offices & shops			Offices
Backbone	Junction and Backbone Fibers	Selected fibers IRU (3)	Selected fibers IRU (3)		
	Backbone/Transport HW & Platforms			Terrestrial and submarine systems	
DC / Platforms	Service Platforms	Consumer Platforms	Enterprise Platforms		Wholesale Platforms
	Data Centers			Colocation/Landing Platforms	
Mobile	Mobile Network (4)		Full MVNO-like services		
	Mobile Service Platforms (4)				
	Frequencies				28 GHz

(1) For mobile backhauling (2) Preserve ServiceCo offering differentiation/ competitiveness for enterprise segments (3) May guarantee ServiceCo competitiveness (4) Minimum fiber backbone required to offer Enterprise most important products/services with autonomy

Waiver of the obligation to publish disclosure documents for extraordinary transactions

On January 17, 2013, the Board of Directors of TIM S.p.A. resolved to exercise the option, as per article 70 subsection 8 and article 71 subsection 1-bis of the Consob Regulation 11971/99, to waive the obligations to publish disclosure documents in the event of significant operations such as mergers, demergers, capital increases by means of the transfer of assets in kind, acquisitions and disposals.

Conditions for the listing of shares of parent companies established and regulated by the law of states outside the European Union

TIM S.p.A. confirms the existence as at December 31, 2023 of the conditions referred to in article 15, subsection 1, letter a), b) and c), point i) of Consob Regulation no. 20249/2017 as amended, for the listing of their shares on regulated markets.

RELATED-PARTY TRANSACTIONS

Pursuant to Art. 5, paragraphs 8 and 9, of Consob Regulation no. 17221 of March 12, 2010 concerning "Related-party transactions" and subsequent amendments, in the 2023 financial year there are no transactions of greater importance, as defined by the Art. 4, paragraph 1, letter. a) of the aforementioned regulation which have significantly influenced the financial situation or results of the TIM Group and of TIM S.p.A..

In addition, there were no transactions concluded in 2023 that significantly impacted the equity position or results of the TIM Group and TIM S.p.A., nor were there any changes or developments with respect to the related-party transactions described in the 2022 Report on Operations which had a significant effect on the financial position or on the performance of the TIM Group and TIM S.p.A. in 2023.

Related-party transactions, when not dictated by specific laws, were conducted at arm's length. They were performed in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation 17221/2010. The current procedure is available on the website gruppotim.it, under the Group - Governance - Governance Tools - Other Codes and Procedures section.

For information on relationships with related parties, see the Financial Statement Statements and the "Related-party transactions" Note of the Consolidated Financial Statements and the Separate Financial Statements.

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 [1]
+/-	Share of losses (profits) of associates and joint ventures accounted for using the equity method [2]
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	

[1] Expense/(income) from investments for TIM S.p.A..
[2] Line item in Group consolidated financial statements only.

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT**: these measures express changes (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 +	**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.

TIM S.p.A. 2023

KEY OPERATING AND FINANCIAL DATA

Revenues

12,140 millions of euros

EBITDA	EBITDA MARGIN	EBITDA ADJUSTED AFTER LEASE
2,002 millions of euros	21.8% organic excluding non recurrent	2,123 millions of euros

NET FINANCIAL DEBT CARRYING AMOUNT

21,664 millions of euros

ADJUSTED NET FINANCIAL DEBT - AFTER LEASE

18,046 millions of euros

CAPITAL EXPENDITURES & LICENSES

1,663 millions of euros

HEADCOUNT AT YEAR END

32,951 numbers

REVIEW OF KEY OPERATING AND FINANCIAL DATA - TIM S.P.A.

Main changes in the corporate structure

During 2023, the main corporate transactions were as follows:

- *TIM Servizi Digitali S.p.A.*: On August 4, 2023 TIM S.p.A. sold 100% of the share capital of the company TIM Servizi Digitali S.p.A. to the company Nextaly Srl.;

During 2022, the main corporate transactions were as follows:

- *Daphne 3 S.p.A.*: on August 4, 2022, TIM S.p.A. transferred 41% of the share capital of the holding Daphne 3, which has a 29.9% investment in Infrastrutture Wireless Italiane ("INWIT") to a consortium of investors led by Ardian;
- *Movenda S.p.A.*: on July 25, 2022, TIM S.p.A. acquired 100% of the company's share capital, which offers Digital Identity solutions. On December 31, 2022, the merger by incorporation of Movenda S.p.A. into TIM S.p.A. took effect, with accounting and tax effects from July 1, 2022;
- *Polo Strategico Nazionale S.p.A.*: the company was established on August 4, 2022, it deals with the design, preparation, fitting out and management of infrastructure for the supply of cloud services and solutions for the public administration. TIM S.p.A. holds 45% of the Joint Venture's share capital.

Non-recurring events

In 2023 and 2022, TIM S.p.A. recognized **net non-recurring operating expenses** connected with events and transactions that by their nature do not recur as part of continuing operations, which are reported when their amount is material. Non-recurring charges include, among others, any goodwill impairment changes, provisions for regulatory disputes and potential liabilities related to them, liabilities with customers and/or suppliers, and provisions for onerous contracts, charges associated with corporate reorganization/restructuring and prior-year adjustments.

In detail:

(million euros)	2023	2022
Non-recurring expenses (income)		
Revenues	**—**	**—**
Revenue adjustments	—	—
Other income	**—**	**(23)**
Recovery of operating expenses	—	(23)
Acquisition of goods and services and Change in inventories	**37**	**30**
Expenses related to agreements and the development of non-recurring projects and other charges	37	30
Employee benefits expenses	**468**	**537**
Charges connected to corporate reorganization/restructuring and other costs	468	537
Other operating expenses	**134**	**76**
Other expenses and provisions	134	76
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**639**	**620**
Gains/losses on disposals of non-current assets	**(2)**	**—**
Gains on disposals of non-current assets	(2)	—
Impact on Operating profit (loss) (EBIT)	**637**	**620**

Non-recurring events for the year 2023 included:

- 37 million euros in costs for the purchase of materials and services, mainly relating to consultancy and professional services related to corporate transactions and the management of regulatory disputes;
- 468 million euros of employee benefits expenses mainly connected to corporate reorganization/restructuring processes related to the departures of non-managerial personnel, also foreseen based on the application of Art. 4 of Law June 28, 2012, no. 92, as per the agreement signed by the Company with the trade unions during the year;
- 134 million euros of other operating expenses mainly related to regulatory penalties, the updating of the provision for contractual risks for onerous contracts (IAS 37) in respect of an existing multi-year relationship, and charges related to credit management;
- 2 million euros of capital gain on the sale of non-current assets relating to the sale of infrastructure sites.

Non-recurring events for the year 2022 included:

- 23 million euros in income for recovery of operating expenses;
- 30 million euros for expenses related to agreements and the development of non-recurring projects, as well as costs for purchases relating to supplies that became necessary for the management of the health emergency;
- 537 million euros of employee benefits expenses mainly connected to corporate reorganization/restructuring processes in application of Art. 4 of Law June 28, 2012, no. 92 and the former Art. 41, paragraph 5bis, Legislative Decree no. 148/2015, as per the agreements signed by TIM S.p.A., during the 2022 financial year, with the trade unions;
- 76 million euros of other operating costs mainly relating to provisions for disputes, settlements, regulatory sanctions and potential liabilities related to them.

Operating Performance

(million euros)		2023 (a)	2022 (b)	% Change (a - b)/b	organic excluding non-recurring
Revenues		12,140	12,098	0.3	0.3
EBITDA	(1)	2,002	2,086	(4.0)	(2.4)
EBITDA Margin	(1)	16.5%	17.2%	(0.7)pp	(0.6)pp
EBIT	(1)	(758)	(649)	16.8	—
EBIT Margin	(1)	(6.2%)	(5.4%)	(0.8) pp	(0.8)pp
Profit (loss) for the year		(995)	(3,077)	(67.7)	(0.6)
Capital expenditures		1,663	1,744	(4.6)	
		12.31.2023	12.31.2022	Change Amount	
		(a)	(b)	(a-b)	
Net financial debt carrying amount	(1)	21,664	22,139	(475)	
Adjusted Net Financial Debt	(1)	21,149	21,709	(560)	
Headcount at year end (number)		32,951	35,524	(2,573)	

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

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, in 2022, the TIM Group instituted a Technical Committee to supervise complex contracts (the “Technical Committee").

The Technical Committee has 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);
- an update to the policy governing the formalisation process of contracts within the Group by providing for a clear identification and formalisation of the rationale underlying the decision-making process for awarding complex contracts, as well as the related escalation mechanisms, thus strengthening the process of identifying and reconstructing the sources, information elements and controls performed.

Starting from the 2021 financial year, some multi-year contracts for the offer of multimedia content and a connectivity agreement have shown a negative overall margin throughout the entire contractual duration, with the need to make provisions for the registration of a Risk Fund contractual for onerous contracts for the residual duration periods of the agreements. The residual value of the Risk Provision and the forecasts of the overall contractual margin are periodically reviewed, in order to confirm or update the initial estimates and the residual amount of the Provision itself.

The use of the Provision for contractual risks 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 December 31, 2023 came to 177 million euros.

Below are:

- the amount used 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)	2023	2022
EBITDA	2,002	2,086
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	2,641	2,706
- Use of the risk provision for onerous contracts to cover the negative margin	(98)	(346)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	2,543	2,360

The amount of 98 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.

Revenues

2023 revenues came to 12,140 million euros (12,098 million euros in 2022), with an increase of 42 million euros or +0.3%.

Revenues from stand-alone services amounted to 10,324 million euros (-62 million euros compared to 2022, -0.6%) and reflect the impacts of the competitive context on the customer base as well as the effects deriving from the new marketing model which entailed, starting from the fourth quarter of 2022, the elimination of the so-called "activation fee";

In detail:

- **revenues from stand-alone services in the Fixed market** amounted to 7,823 million euros, with a positive change of 42 million euros compared to 2022 (+0.5%), thanks mainly to the growth in revenues from ICT solutions and multimedia revenues partially offset by the decrease in accesses and the negative change in the aforementioned activation fees;
- **revenues from stand-alone Mobile market services** came to 2,939 million euros, down by 119 million euros compared to 2022 (-3.9%), mainly due to the reduction in the customer base connected with Human lines and ARPU levels.

Handset and Bundle & Handset revenues, including the change in work in progress, amounted to 1,815 million euros in 2023, an increase of 104 million euros compared to 2022, mainly due to the sale of infrastructure to FiberCop and the sale of spectrum/fiber in the Wholesale segment.

Revenues by customer segment/area of activity, starting from this financial statement, are shown consistently with the areas of responsibility and with the relative focus of the reference market. Consequently, the comparative data of previous year has been restated. Details of revenues are therefore set out below, broken down as follows: Consumer and Small Medium Business, Enterprise, Wholesale Market, Other, complete with the analytical description of the reference perimeter, as currently represented for the purposes of internal analyses.

- **Consumer and Small Medium Business (SMB).** *The reference perimeter is made up of the set of telephone and internet services and products managed and developed in Landline and Mobile for individuals and families (from public telephony, from caring activities and administrative management of customers) and for customers of SMEs (Small and Medium Enterprises), SOHO (Small Office Home Office) and MVNOs.*

(million euros)	2023	2022	Changes
Consumer and Small Medium Business revenues	**5,820**	**6,091**	**(271)**
Service revenues	5,315	5,539	(224)
Handset and Bundle & Handset revenues	505	552	(47)

In particular:

- **revenues from stand-alone services in the mobile market** amount to 2,365 million euros and record a reduction of 81 million euros (-3.3%) compared to 2022, mainly attributable to the competitive dynamics and the contraction in revenues from incoming traffic for the progressive reduction of interconnection tariffs;
- **Revenues from stand-alone services in the fixed market** amounted to 2,967 million euros, down 151 million euros (-4.8%) compared to 2022, mainly due to the reduction in ARPU levels and the smaller customer base.

Handset and Bundle & Handset revenues of the Consumer and SMB segment amounted to 505 million euros, down 47 million euros compared to 2022; the change is mainly connected to the progressive slowdown of the mobile terminal market.

- **Enterprise.** *The reference perimeter consists of the set of connectivity services and products and ICT solutions managed and developed for Top, Public Sector and Large Account customers.*

(million euros)	2023	2022	Changes
Enterprise revenues	**2,983**	**2,805**	**178**
Service revenues	2,708	2,533	175
Handset and Bundle & Handset revenues	275	272	3

In particular:

- **Revenues from stand-alone services in the mobile market** amounted to 490 million euros, an increase of 4 million euros (+0.8%) compared to 2022;
- **revenues from stand-alone services in the Fixed market** amounted to 2,271 million euros, with an increase of 170 million euros (+8.1%) compared to 2022, mainly due to the increase in revenues from ICT services.

- **Wholesale Market.** *The segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Landline and Mobile telecommunications operators in the domestic market.*

  The Wholesale Market segment recorded revenues of 1,808 million euros in 2023, an increase of 57 million euros compared to 2022 (+3.3%), mainly thanks to the growth in revenues relating to solutions for mobile operators which is accompanied by a strategy for rationalizing voice revenues.

- **Other.** The revenues of the Other segment for 2023 amounted to 1,529 million euros, an increase of 78 million euros compared to 2022. It should be noted that the item includes, starting from 2022, revenues from the subsidiary FiberCop, mainly relating to the sale of infrastructure and network maintenance services.

EBITDA

EBITDA in 2023 was 2,002 million euros (2,086 million euros in 2022), with an EBITDA margin of 16.5%, down 0.7 percentage points on 2022 (17.2%).

Organic EBITDA - net of the non-recurring items - amounted to 2,641 million euros; the EBITDA margin was 21.8% (22.4% in 2022) and records a reduction of 65 million euros compared to 2022. In 2023 TIM S.p.A. recorded non-recurring net charges of 639 million euros in total (620 million euros in 2022).

Non-recurring charges include, among others, charges connected to corporate reorganisation/restructuring, provisions for onerous contracts, regulatory sanctions, charges connected to credit management, consultancy and professional services relating to corporate operations and the management of regulatory disputes. For further details, in addition to that reported in the “Non-recurring events” chapter of this report on operations, see the Note "Non-recurring events and transactions" in the TIM S.p.A. Separate Financial Statements as at December 31, 2023.

Organic EBITDA excluding the effect of the use of provisions for onerous contracts for 2023 was equal to 2,543 million euros.

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

(million euros)	2023	2022	Changes	
			absolute	%
EBITDA	**2,002**	**2,086**	**(84)**	**(4.0)**
Non-recurring expenses (Income)	639	620	19	3.1
ORGANIC EBITDA - excluding Non-recurring items	**2,641**	**2,706**	**(65)**	**(2.4)**

The following elements also affected EBITDA:

- **Other income**

(million euros)	2023	2022	Change
Late payment fees charged for telephone services	22	26	(4)
Recovery of employee benefit expenses, purchases and services rendered	33	23	10
Capital and operating grants	39	36	3
Damages, penalties and recoveries connected with litigation	31	32	(1)
Estimate revisions and other adjustments	51	68	(17)
Income for special training activities	5	1	4
Other	46	59	(13)
Total	**227**	**245**	**(18)**

- **Acquisition of goods and services**

(million euros)	2023	2022	Change
Acquisition of goods	863	911	(48)
Revenues due to other TLC operators and costs for telecommunications network access services	566	655	(89)
Commercial and advertising costs	1,482	1,344	138
Professional and consulting services	111	110	1
Power, maintenance and outsourced services	1,187	1,159	28
Lease and rental costs	632	486	146
Other	3,019	2,937	82
Total acquisition of goods and services	**7,860**	**7,602**	**258**
% of Revenues	*64.7*	*62.8*	*1.9 pp*

The item **Acquisition of goods and services** recorded an increase of 258 million euros, mainly due to higher commercial and advertising costs and lease and rental costs (especially rental costs of software licenses).

The item includes a non-recurring component amounting to 37 million euros, mainly relating to consultancy and professional services connected to corporate transactions and the management of regulatory disputes.

- **Employee benefits expenses**

(million euros)	2023	2022	Change
Ordinary employee expenses and costs	1,909	2,041	(132)
Restructuring expenses and allocations to employee and other provisions	468	537	(69)
Total employee benefits expenses	**2,377**	**2,578**	**(201)**

Employee benefits expenses were reduced by 201 million euros compared to 2022; The main factors that drove this change were:

- a decrease of 132 million euros of ordinary employee expenses, mainly due to the savings consequent to the reduction in the average salaried workforce, amounting to a total average of -2,329 employees, of whom an average of -414 deriving from the application of the Expansion Contract by the Company;
- decrease of 69 million euros in corporate restructuring expenses; as at December 31, 2023, charges totaling 468 million euros have been incurred, mainly related to personnel departures expected based on the application of the Art. 4 of Law June 28, 2012, no. 92, as per the agreement signed by TIM S.p.A. with the Trade Unions during the year.

The headcount at December 31, 2023 amounted to 32,951 employees (35,524 at December 31, 2022), a decrease of 2,573.

- **Other operating expenses**

(million euros)	2023	2022	Change
Write-downs and expenses in connection with credit management	111	115	(4)
Provision charges	56	118	(62)
TLC operating fees and charges	42	43	(1)
Indirect duties and taxes	48	55	(7)
Penalties, settlement compensation and administrative fines	32	24	8
Subscription dues and fees, donations, scholarships and traineeships	9	10	(1)
Sundry expenses	138	55	83
Total	**436**	**420**	**16**

Other operating expenses for the 2023 financial year increased by 16 million euros, in particular the change in Other expenses was mainly related to regulatory sanctions.

The item includes a non-recurring component equal to 134 million euros (in 2022 the non-recurring component amounted to 76 million euros), mainly attributable to regulatory sanctions, provisions for onerous contracts and charges related to credit management.

Depreciation, amortization and capital expenditures

depreciation and amortization in 2023 came to 2,743 million euros (2,759 million euros in 2022) and are as follows:

(million euros)	2023	2022	Change
Amortization of intangible assets with a finite useful life	1,046	1,030	16
Depreciation of tangible assets	1,229	1,270	(41)
Amortization of rights of use assets	468	459	9
Total	**2,743**	**2,759**	**(16)**

The main aspects are listed below:

- **the amortization of intangible assets** amounted to 1,046 million euros and increased by 16 million euros compared to the 2022 financial year, mainly following the start of the amortization process of the license for the 34-36 MhZ band, acquired in 2022 by operator OpNet (formerly Linkem), as well as the commissioning of 5G 700 MHz licenses starting from June 2022. The increase in amortization resulting from the licenses acquired (a total of approximately 28 million euros) was partially offset by lower amortizations on software application developments and on television broadcasting rights (-12 million euros);

- **the depreciation of tangible assets owned** is equal to 1,229 million euros and shows a decrease of 41 million euros compared to 2022, attributable to the dynamics of investments and exercisability. The lower depreciation refers mainly to the following items:
  - UMTS and LTE transmission equipment (-31 million euros);
  - NGAN FTTC equipment (-23 million euros);
  - autoswitches (-11 million euros);
  - UMTS RNC systems (-6 million euros);
  - workstations and OSS & BSS hardware management systems (-5 million euros);
  - adjustment of the provision for restoration costs (-2 million euros).

  The lower depreciation on the items indicated is partially offset by higher depreciation mainly relating to:
  - 5G and Multistandard access equipment (+19 million euros);
  - copper network, following the acceleration of amortisation for the switch-off planned for 2030 (+12 million euros);
  - video communication (+3 million euros);
  - rented mobile terminals (+3 million euros);
  - equipment and fixed social telephony (+4 million euros);

- **the amortization of rights of use on third-party assets** amounted to 468 million euros and increased by 9 million euros compared to 2022, mainly following the increase in rights of use mainly related to the extension of the duration of property leases.

Capital expenditures totaled 1,663 million euros (1,744 million euros in financial year 2022), with a reduction of 81 million euros. They are so broken down as follows:

(million euros)	2023	2022	Change
Investments in intangible assets with a finite useful life	617	776	(159)
Investments in tangible assets	989	899	90
Investments in rights of use assets	57	69	(12)
Total	**1,663**	**1,744**	**(81)**

Investments in intangible assets recorded a decrease of 159 million euros, mainly as a result of fewer license acquisitions (-70 million euros following the acquisition of the 34-band licenses from the operator OpNet ex Linkem, which took place in 2022). 36 MHz); lower investments in OSS&BSS systems (-32 million euros) and in data switching (-2 million euros); less work in progress for approximately 57 million euros essentially due to lower investments in licenses, digital and system transformation projects and IT running.

Investments in tangible assets and rights of use on third-party assets recorded an overall increase of 78 million euros, of which 90 million euros were attributable to investments in tangible assets, mainly attributable to greater acquisitions of network materials in plant warehouses and to greater investments ongoing related to the development of the NRRP tenders; there was also a 12 million euros decrease in investments in rights of use of third-party assets, mainly due to lower infrastructure investments.

Gains (losses) on disposals of non-current assets

The item was negative for 17 million euros in 2023 (positive for 24 million euros in 2022); in particular we note:

- capital losses of 21 million euros, mainly resulting from the disposal of Base Radio Stations, the sale of equipment and the impacts resulting from the decommissioning and asset modernization project;
- capital gains of 4 million euros relating to the sale of infrastructure sites and the early termination of lease contracts.

Impairment reversals (losses) on non-current assets

The item is almost nil in 2023 (as well as in 2022).

In preparing the Financial Statements for 2023, the Company carried out an impairment test on the goodwill. The outcomes of that testing, carried out in accordance with the specific procedure adopted by the Group, confirmed the amounts of Goodwill allocated to the Group's domestic business. Further details are provided in the Note "Goodwill" to the Separate Financial Statements as at December 31, 2023 of TIM S.p.A.

EBIT

EBIT in the financial year 2023 was negative 758 million euros (negative 649 million euros in the financial year 2022). EBIT for 2023 reflects the negative impact of non-recurring net charges of 637 million euros (620 million euros in 2022).

Organic EBIT, net of the non-recurring items, was negative for 121 million euros (negative for 29 million euros in 2022).
Further details on non-recurring items are provided in the Note "Significant non-recurring events and transactions" of the Separate Financial Statements at December 31, 2023 of TIM S.p.A. in addition to the information given in the chapter on "Non-recurring events" of this report on operations.

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

(million euros)	2023	2022	Changes	
			absolute	%
EBIT	**(758)**	**(649)**	**(109)**	**16.8**
Non-recurring expenses (Income)	637	620	17	2.7
ORGANIC EBIT - excluding Non-recurring items	**(121)**	**(29)**	**(92)**	**—**

Income (expenses) from investments

This item, amounting to 911 million euros (408 million euros in 2022), is broken down as follows:

(million euros)	2023	2022	Change
Dividends	1,087	113	974
Other income and gains on disposals of investments	—	313	(313)
Other income from investments	—	—	—
Capital losses and impairment losses on financial assets	(176)	(18)	(158)
Sundry expenses from investments	—	—	—
Total	**911**	**408**	**503**

In particular, we report:

- dividends mainly related to the subsidiaries Telecom Italia Finance (988 million euros) and FiberCop (84 million euros) and the associate Daphne 3 (12 million euros). In 2022, dividends mainly related to the subsidiary Telecom Italia Finance (54 million euros) and the associate Daphne 3 (57 million euros).
- net capital gains on sales of investments were not present in 2023. In 2022, they referred to the mentioned sale of 41% of the share capital of the holding Daphne 3 to a consortium of investors led by Ardian.
- Capital losses and impairment losses on financial assets refer to:
    - 144 million euros for the write-down of the equity investments in the subsidiaries Telecom Italia Sparkle S.p.A. and Olivetti S.p.A. Società Benefit and in the associated company Italtel S.p.A.;
    - 12 million euros to the provision for charges on investee companies in connection with the subsidiaries Olivetti S.p.A. Società Benefit and TI Latam Participações e Gestão Administrativa Ltda;
    - for the remaining portion to the sale of the equity investment in the subsidiary TIM Servizi Digitali.

  In 2022, capital losses and impairment losses referred mainly to the impairment of investment in the subsidiary Tim Servizi Digitali.

Finance income (expenses), net

Finance income (expenses) showed a net expense of 1,194 million euros (negative for 993 million euros in 2022). The increase is essentially attributable to the dynamics of interest rates and the greater debt exposure.

The item consists of:

(million euros)	2023	2022	Change
Finance income	999	1,415	(416)
Finance expenses	(2,193)	(2,408)	215
Total net finance income (expenses)	**(1,194)**	**(993)**	**(201)**

Income tax expense

In 2023, there was a tax benefit of 46 million euros (an expense of 1,843 million euros in 2022); the item mainly reflects the net balance of the tax consolidation benefit only partially offset by the deferred tax charge. In 2022 the item mainly reflected the impact, equal to 1,964 million euros, deriving from the exercise of the option to revoke the goodwill realignment.

In the 2023 financial statements, no deferred tax assets were recognized for tax losses for the year and previous years, in consideration of the assessment regarding the temporal distribution of the recoverability of TIM S.p.A.'s deferred tax assets.

Further details are provided in the Note “Income tax expense (current and deferred)” of the Separate Financial Statements at December 31, 2023 of TIM S.p.A.

Profit (loss) for the year

The profit (loss) for the year 2023 was negative in the amount of 995 million euros (negative in the amount of 3,077 million euros in 2022) and was negatively affected by non-recurring net charges of 673 million euros (2,281 million euros in 2022).

Further details on non-recurring items are provided in the Note “Significant non-recurring events and transactions” of the Separate Financial Statements at December 31, 2023 of TIM S.p.A..

Financial Position and Cash Flows Performance

Financial position structure

(million euros)	12.31.2023	12.31.2022	Change
Assets			
Non-current assets	43,470	43,974	(504)
Goodwill	*12,064*	*12,064*	*—*
Intangible assets with a finite useful life	*4,578*	*5,023*	*(445)*
Tangible assets	*6,561*	*6,837*	*(276)*
Rights of use assets	*3,271*	*3,188*	*83*
Other non-current assets	*16,590*	*16,401*	*189*
Deferred tax assets	*406*	*461*	*(55)*
Current assets	6,499	6,407	92
Inventories, trade and miscellaneous receivables and other current assets	*4,759*	*4,486*	*273*
Current income tax receivables	*42*	*34*	*8*
Current financial assets	*1,698*	*1,887*	*(189)*
Discontinued operations/Non-current assets held for sale	*—*	*—*	*—*
	49,969	**50,381**	**(412)**
Liabilities			
Equity	13,156	14,252	(1,096)
Non-current liabilities	22,578	23,402	(824)
Current liabilities	14,235	12,727	1,508
	49,969	**50,381**	**(412)**

Non-current assets

- **Goodwill:** unchanged from December 31, 2022; For further details, please refer to Note 3 "Goodwill" in the separate financial statements of TIM S.p.A. as at December 31, 2023.
- **Intangible assets with a finite useful life:** reduced by 445 million euros, from 5,023 million euros at the end of 2022 to 4,578 million euros at December 31, 2023, as the balance between the following items:
  - capex (+617 million euros);
  - amortization charge for the year (-1,046 million euros);
  - disposals, reclassifications and other changes (-16 million euros).
- **Tangible assets:** decreased by 276 million euros, representing the sum of the following:
  - capex (+989 million euros);
  - amortization charge for the year (-1,229 million euros);
  - disposals, reclassifications and other changes (-36 million euros).
- **Rights of use assets** (mainly relating to real estate leases, network connectivity and telecommunications infrastructure, etc.): increased by 83 million euros, representing the sum of the following:
  - investments (+57 million euros);
  - increases in leasing contracts (+533 million euros) mainly related to theassessment of the duration of real estate leases, which led to an extension of some of them with a consequent increase in usage rights and financial liabilities of about 380 million euros;
  - amortization charge for the year (-468 million euros);
  - disposals, reclassifications and other changes (-39 million euros).
- **Deferred tax assets**: decreased by 55 million euros compared to December 31, 2022.

Equity

Equity amounted to 13,156 million euros, down by 1,096 million euros compared to December 31, 2022 (14,252 million euros). The changes in equity over 2023 and 2022 are detailed in the following table:

(million euros)	12.31.2023	12.31.2022
At the beginning of the year	**14,252**	**16,564**
Profit (loss) for the year	(995)	(3,077)
Dividends approved	—	—
Equity instruments and other changes	6	6
Movements in the reserve for financial assets measured at fair value through other comprehensive income and derivative hedging instruments	(99)	707
Movements in the reserve for remeasurements of employee defined benefit plans (IAS 19)	(8)	52
At the end of the year	**13,156**	**14,252**

Cash flows

Change in net financial debt

(million euros)	2023	2022	Change
EBITDA	2,002	2,086	(84)
Capital expenditures on an accrual basis	(1,663)	(1,744)	81
Change in net operating working capital:	396	(1,654)	2,050
Change in inventories	*(5)*	*(28)*	*23*
Change in trade receivables and other net receivables	*(162)*	*(205)*	*43*
Change in trade payables	*239*	*344*	*(105)*
Change in payables for mobile telephone licenses	*—*	*(1,738)*	*1,738*
Other changes in operating receivables/payables	*324*	*(27)*	*351*
Change in employee benefits	(290)	144	(434)
Advance received on NRRP contributions	758	—	758
Change in operating provisions and Other changes	(130)	(329)	199
Net operating free cash flow	**1,073**	**(1,497)**	**2,570**
% of Revenues	*8.8*	*(12.4)*	*21.2*
Sale of investments and other disposals flow	7	1,283	(1,276)
Share capital increases/reimbursements	—	—	—
Financial investments	(33)	(46)	13
Dividends flow	1,087	112	975
Increases in lease contracts	(533)	(321)	(212)
Financial expenses, income taxes and other net non-operating requirements flow	(1,126)	267	(1,393)
Reduction /(Increase) in net financial debt carrying amount	**475**	**(202)**	**677**

Equity Free Cash Flow

(million euros)	2023	2022	Change
Reduction /(Increase) in net financial debt carrying amount	**475**	**(202)**	**677**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*85*	*(895)*	*980*
Reduction/(Increase) in adjusted net financial debt	**560**	**(1,097)**	**1,657**
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	471	261	210
Payment of TLC licenses and for the use of frequencies	—	1,805	(1,805)
Financial impact of acquisitions and/or disposals of investments	33	(1,232)	1,265
Dividend payment and Change in Equity	—	1	(1)
Equity Free Cash Flow	**1,064**	**(262)**	**1,326**

The increase in net operating free cash flow in 2023 compared to 2022 (+2,570 million euros) is mainly attributable to the change in net operating working capital (+2,050 million euros, of which 1,738 million euros was due to the payment in the previous year of the last instalment of the 5G licence) and the collection of the advance on NRRP contributions (+758 million euros).

In addition to what has already been described with reference to EBITDA, the following flows particularly impacted the change in net financial debt during the year.

Capex flow

Capex totaled 1,663 million euros (1,744 million euros in 2022), with a decrease of 81 million euros, mainly determined by lower investments in intangible assets (159 million euros) and in rights of use assets (12 million euros), ony partially offset by greater investments in tangible assets (90 million euros).

Advance received on NRRP contributions

In August 2022, TIM signed agreements with Infratel ("Distributing Entity"), relating to the award of three infrastructure tenders in the sector, for public grants to finance investment projects concerning the construction of new telecommunications infrastructure and related access equipment.

During 2023, TIM collected a total of 758 million euros for the advance of funds under the National Recovery and Resilience Plan (NRRP) in relation to three infrastructure tenders (of which 488 million euros financial receivables received on January 2, 2024).

For further details, please refer to Note 15 "Net financial debt" of the separate financial statements as of December 31, 2023 of TIM S.p.A..

Sale of investments and other disposals flow

It amounts to 7 million euros and mainly refers to the sale of tangible and intangible assets. In 2022, it was positive at €1,283 million and mainly related to the sale of 41% of Daphne 3, which holds a 29.9% stake in Infrastrutture Wireless Italiane ("INWIT"), to a consortium of investors led by Ardian.

Financial investments flow

It amounts to 33 million euros and mainly refers to payments into participation accounts in favor of the associated companies Polo Strategico Nazionale (19 million euros) and TIMFin (10 million euros). In 2022, this amounted to 46 million euros and mainly refers to the acquisition of the investment in the associate Italtel (10 million euros), Polo Strategico Nazionale (3 million euros) and the payment on investment account to subscribe the share capital increase in the favor of the subsidiaries Telecom Italia Ventures (11 million euros) and Tim Servizi Digitali (19 million euros), as well as in the associate Polo Strategico Nazionale (3 million euros).

Increases in lease contracts

This item, amounting to 533 million euros (321 million euros in 2022), is broken down as follows. Increases in lease contracts include the higher value of user rights entered following new lease contracts payables, increase of lease payments and renegotiations of existing contracts. In 2023, the assessment of the duration of property leases had a significant impact.

Share capital increases/reimbursements, including incidental costs

There were none in 2023 (none in 2022 either).

Financial expenses, income taxes and other net non-operating requirements flow

Finance expenses, income taxes and other net non-operating requirements flow mainly includes the payment of income taxes, net finance expenses, and the change in non-operating receivables and payables.

Sales of receivables to factoring companies

It should be noted that sales without recourse of trade receivables to factoring companies completed during 2023 resulted in a positive effect on the adjusted net financial debt at December 31, 2023 amounting to 1,082 million euros (1,147 million euros at December 31, 2022).

Net financial debt

Net financial debt is composed as follows:

(million euros)	12.31.2023 (a)	12.31.2022 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	9,445	10,118	(673)
Amounts due to banks, other financial payables and liabilities	8,649	8,661	(12)
Finance lease liabilities	2,710	2,600	110
	20,804	**21,379**	**(575)**
Current financial liabilities (1)			
Bonds	3,007	2,668	339
Amounts due to banks, other financial payables and liabilities	2,976	3,022	(46)
Finance lease liabilities	467	459	8
	6,450	**6,149**	**301**
Total Gross financial debt	**27,254**	**27,528**	**(274)**
Non-current financial assets			
Non-current financial receivables arising from lease contracts	(6)	(8)	2
Financial receivables and other non-current financial assets	(3,886)	(3,494)	(392)
	(3,892)	**(3,502)**	**(390)**
Current financial assets			
Securities other than investments	—	—	—
Current financial receivables arising from lease contracts	(68)	(45)	(23)
Financial receivables and other current financial assets	(1,032)	(467)	(565)
Cash and cash equivalents	(598)	(1,375)	777
	(1,698)	**(1,887)**	**189**
Total financial assets	**(5,590)**	**(5,389)**	**(201)**
Net financial debt carrying amount	**21,664**	**22,139**	**(475)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(515)	(430)	(85)
Adjusted Net Financial Debt	**21,149**	**21,709**	**(560)**
Breakdown as follows:			
Total adjusted gross financial debt	**26,403**	**26,769**	**(366)**
Total adjusted financial assets	**(5,254)**	**(5,060)**	**(194)**
(1) of which current portion of medium/long-term debt:			
Bonds	*3,007*	*2,668*	*339*
Amounts due to banks, other financial payables and liabilities	*1,180*	*1,537*	*(357)*
Finance lease liabilities	*433*	*435*	*(2)*

The non-current portion of gross financial debt amounted to 20,804 million euros (21,379 million euros at the end of 2022) and represented 76% of total gross financial debt.

In line with the Group's objectives in terms of debt composition and in accordance with the Guidelines adopted for the "Management and control of financial risk", TIM S.p.A., in securing both third-party and intercompany loans, uses IRS and CCIRS derivative financial instruments to hedge its liabilities.

Derivative financial instruments are designated as fair value hedges for managing exchange rate risk on financial instruments denominated in currencies other than euro and for managing interest rate risk on fixed-rate loans. Derivative financial instruments are designated as cash flow hedges when the objective is to fix the exchange rate and interest rate of future variable contractual flows.

Adjusted Net Financial Debt amounted to 21,149 million euros at December 31, 2023, down by 560 million euros compared to December 31, 2022 (21,709 million euros), as a net effect of the positive operational-fiscal dynamics (including the revenue of the NRRP funds relating to the awarding of 3 infrastructure tenders for a total of 758 million euros, of which 488 million euros as financial receivables collected on January 2, 2024) and the collection of dividends which were counteracted by the needs of financial management and of leasing debts.

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)	12.31.2023	12.31.2022	Change
Net financial debt carrying amount	**21,664**	**22,139**	**(475)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(515)*	*(430)*	*(85)*
Adjusted Net Financial Debt	**21,149**	**21,709**	**(560)**
Leases	*(3,103)*	*(3,006)*	*(97)*
Adjusted Net Financial Debt - After Lease	**18,046**	**18,703**	**(657)**

Net financial debt carrying amount amounted to 21,664 million euros at December 31, 2023, a decrease of 475 million euros compared to December 31, 2022 (22,139 million euros). The reversal of the fair value measurement of derivatives and related financial liabilities/assets records an annual change of 85 million euros due to the dynamics of the interest rate markets; this amount adjusts the Net financial debt carrying amount, having no monetary effect.

Adjusted Net Financial Debt - After Lease (net of the impact of all leases) at December 31, 2023 amounted to 18,046 million euros, down by 657 million euros compared to December 31, 2022 (18,703 million euros).

Gross financial debt

Bonds

Bonds at December 31, 2023 totaled 12,452 million euros (12,786 million euros at December 31, 2022). Their nominal repayment amount was 12,177 million euros, a decrease of 322 million euros compared to December 31, 2022 (12,499 million euros).

The change in bonds during 2023 was as follows:

New issues

(millions of original currency)	Currency	Amount	Issue date
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 S.p.A. 750 million euros 7.875%	Euro	750	9/28/2023

Repayments

(millions of original currency)	Currency	Amount	Repayment date
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 repurchased in June 2016.

Buybacks

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

Revolving Credit Facility and Term Loan

The following table shows committed credit lines(*) available at December 31, 2023:

(billion euros)	12.31.2023		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).

Maturities of financial liabilities

The average maturity of non-current financial liabilities (including the current portion of medium/long-term financial liabilities due within 12 months) was 6.22 years.

Details of the maturities of financial liabilities in terms of expected nominal repayment amounts, as contractually agreed, are provided in the Note "Non-current and current financial liabilities" of the Separate Financial Statements of TIM S.p.A. at December 31, 2023.

Financial assets and liquidity margin

Financial assets totaled 5,590 million euros (5,389 million euros at December 31, 2022), of which 3,429 million euros relating to financial receivables from Group companies.

Of that total, 1,698 million euros (1,887 million euros at December 31, 2022) was classified as current financial assets.

The available liquidity margin of TIM S.p.A. amounted to 4,598 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 598 million euros (1,375 million euros at December 31, 2022);
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is amply sufficient to cover the financial liabilities due.

In particular:

Cash and cash equivalents amounted to 598 million euros (1,375 million euros at December 31, 2022). The different technical forms of investing available cash can be analyzed as follows:

- Maturities: investments have a maximum maturity of three months;
- Counterparty risk: investments are made with leading banking and financial institutions with high-credit-quality;
- Country risk: deposits have been made mainly in major European financial markets.

TABLES OF DETAIL – TIM S.p.A.

Separate Income Statements

(million euros)	2023	2022	Changes (a-b)	
	(a)	(b)	absolute	%
Revenues	**12,140**	**12,098**	**42**	**0.3**
Other income	227	245	(18)	(7.3)
Total operating revenues and other income	**12,367**	**12,343**	**24**	**0.2**
Acquisition of goods and services	(7,860)	(7,602)	(258)	(3.4)
Employee benefits expenses	(2,377)	(2,578)	201	7.8
Other operating expenses	(436)	(420)	(16)	(3.8)
Change in inventories	8	28	(20)	(71.4)
Internally generated assets	300	315	(15)	(4.8)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**2,002**	**2,086**	**(84)**	**(4.0)**
Depreciation and amortization	(2,743)	(2,759)	16	0.6
Gains (losses) on disposals of non-current assets	(17)	24	(41)	—
Impairment reversals (losses) on non-current assets	—	—	—	—
Operating profit (loss) (EBIT)	**(758)**	**(649)**	**(109)**	**(16.8)**
Income (expenses) from investments	911	408	503	—
Finance income	999	1,415	(416)	(29.4)
Finance expenses	(2,193)	(2,408)	215	8.9
Profit (loss) before tax	**(1,041)**	**(1,234)**	**193**	**15.6**
Income tax expense	46	(1,843)	1,889	—
Profit (loss) for the year	**(995)**	**(3,077)**	**2,082**	**67.7**

Statements of Comprehensive Income

In accordance with IAS 1 (Presentation of Financial Statements), the following Statements of Comprehensive Income include the Profit (loss) for the year as shown in the Separate Income Statements and all non-owner changes in equity.

(million euros)		2023	2022
Profit (loss) for the year	**(a)**	**(995)**	**(3,077)**
Other components of the Statements of Comprehensive Income			
Other components that will not be reclassified subsequently to Separate Income Statements			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		3	(2)
Income tax effect		—	—
	(b)	**3**	**(2)**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		(8)	68
Income tax effect		—	(16)
	(c)	**(8)**	**52**
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 Income Statements	**(e=b+c+d)**	**(5)**	**50**
Other components that will be reclassified subsequently to Separate Income Statements			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		4	(17)
Loss (profit) transferred to the Separate Income Statements		—	—
Income tax effect		(1)	4
	(f)	**3**	**(13)**
Hedging instruments:			
Profit (loss) from fair value adjustments		(237)	1,019
Loss (profit) transferred to the Separate Income Statements		100	(69)
Income tax effect		33	(228)
	(g)	**(104)**	**722**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Loss (profit) transferred to the Separate Income Statements		—	—
Income tax effect		—	—
	(h)	**—**	**—**
Total other components that will be reclassified subsequently to Separate Income Statements	**(i= f+g+h)**	**(101)**	**709**
Total other components of the Statements of Comprehensive Income	**(k= e+i)**	**(106)**	**759**
Total comprehensive income (loss) for the year	**(a+k)**	**(1,101)**	**(2,318)**

Statements of Financial Position

(million euros)		12.31.2023 (a)	12.31.2022 (b)	Changes (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		12,064	12,064	—
Intangible assets with a finite useful life		4,578	5,023	(445)
		16,642	**17,087**	**(445)**
Tangible assets				
Property, plant and equipment owned		**6,561**	**6,837**	**(276)**
Rights of use assets		**3,271**	**3,188**	**83**
Other non-current assets				
Investments		10,903	11,021	(118)
Non-current financial receivables arising from lease contracts		6	8	(2)
Other non-current financial assets		3,886	3,494	392
Miscellaneous receivables and other non-current assets		1,795	1,878	(83)
Deferred tax assets		406	461	(55)
		16,996	**16,862**	**134**
Total Non-current assets	**(a)**	**43,470**	**43,974**	**(504)**
Current assets				
Inventories		198	193	5
Trade and miscellaneous receivables and other current assets		4,561	4,293	268
Current income tax receivables		42	34	8
Current financial assets				
Current financial receivables arising from lease contracts		68	45	23
Securities other than investments, other financial receivables and other current financial assets		1,032	467	565
Cash and cash equivalents		598	1,375	(777)
		1,698	**1,887**	**(189)**
Total Current assets	**(b)**	**6,499**	**6,407**	**92**
Total Assets	**(a+b)**	**49,969**	**50,381**	**(412)**

(million euros)		12.31.2023 (a)	12.31.2022 (b)	Changes (a-b)
Equity and liabilities				
Equity				
Share capital issued		11,677	11,677	—
less: Treasury shares		(57)	(63)	6
Share capital		**11,620**	**11,614**	**6**
Additional paid-in capital		**575**	**2,133**	**(1,558)**
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year		**961**	**505**	**456**
Total Equity	**(c)**	**13,156**	**14,252**	**(1,096)**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		18,094	18,779	(685)
Non-current financial liabilities for lease contracts		2,710	2,600	110
Employee benefits		472	631	(159)
Deferred tax liabilities		—	—	—
Provisions		254	517	(263)
Miscellaneous payables and other non-current liabilities		1,048	875	173
Total Non-current liabilities	**(d)**	**22,578**	**23,402**	**(824)**
Current liabilities				
Current financial liabilities for financing contracts and others		5,983	5,690	293
Current financial liabilities for lease contracts		467	459	8
Trade and miscellaneous payables and other current liabilities		7,785	6,578	1,207
Income tax payables		—	—	—
Total Current Liabilities	**(e)**	**14,235**	**12,727**	**1,508**
Total Liabilities	**(f=d+e)**	**36,813**	**36,129**	**684**
Total Equity and Liabilities	**(c+f)**	**49,969**	**50,381**	**(412)**

Statements of Cash Flows

(million euros)		2023	2022
Cash flows from operating activities:			
Profit (loss) for the year		(995)	(3,077)
Adjustments for:			
Depreciation and amortization		2,743	2,759
Impairment losses (reversals) on non-current assets (including investments)		161	21
Net change in deferred tax assets and liabilities		88	2,662
Losses (gains) realized on disposals of non-current assets (including investments)		31	(337)
Change in employee benefits		(290)	144
Change in inventories		(5)	(28)
Change in trade receivables and other net receivables		(162)	(204)
Change in trade payables		166	444
Net change in income tax receivables/payables		(8)	(452)
Net change in miscellaneous receivables/payables and other assets/liabilities		198	(589)
Cash flows from (used in) operating activities	**(a)**	**1,927**	**1,343**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(1,590)	(3,582)
Contributions for plants received		758	3
Change in cash arising from corporate actions		—	—
Acquisitions/disposals of other investments		(33)	(46)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		(1,327)	140
Proceeds received from the sale of investments in subsidiaries		—	—
Proceeds from sale/repayments of intangible, tangible, rights of use assets and other non-current assets		7	1,283
Cash flows from (used in) investing activities	**(b)**	**(2,185)**	**(2,202)**
Cash flows from financing activities:			
Change in current financial liabilities and other		465	48
Proceeds from non-current financial liabilities (including current portion)		3,110	2,000
Repayments of non-current financial liabilities (including current portion)		(4,032)	(4,193)
Changes in hedging and non-hedging derivatives		91	—
Share capital proceeds/reimbursements		—	—
Dividends paid		—	(1)
Changes in ownership interests in consolidated subsidiaries		—	—
Cash flows from (used in) financing activities	**(c)**	**(366)**	**(2,146)**
Aggregate cash flows	**(d=a+b+c)**	**(624)**	**(3,005)**
Net cash and cash equivalents at beginning of the year	**(e)**	**359**	**3,364**
Net cash and cash equivalents at end of the year	**(f=d+e)**	**(265)**	**359**

Purchase of intangible, tangible and rights of use assets

(million euros)	2023	2022
Purchase of intangible assets	(617)	(776)
Purchase of tangible assets	(989)	(899)
Purchase of rights of use assets	(590)	(390)
Total purchases of intangible, tangible and rights of use assets on an accrual basis	**(2,196)**	**(2,065)**
Change in payables arising from purchase of intangible, tangible and rights of use assets	606	(1,517)
Total purchase of intangible, tangible and rights of use assets on a cash basis	**(1,590)**	**(3,582)**

Additional Cash Flow Information

(million euros)	2023	2022
Income taxes (paid) received	101	233
Interest expense paid	(1,781)	(1,384)
Interest income received	749	556
Dividends received	1,087	113

Analysis of Net Cash and Cash Equivalents

(million euros)	2023	2022
Net cash and cash equivalents at beginning of the year:		
Cash and cash equivalents	1,375	3,558
Bank overdrafts repayable on demand	(1,016)	(194)
	359	**3,364**
Net cash and cash equivalents at end of the year:		
Cash and cash equivalents	598	1,375
Bank overdrafts repayable on demand	(863)	(1,016)
	(265)	**359**

The additional disclosures required by IAS 7 are provided in the Note “Net financial debt” to these Separate Financial Statements of TIM S.p.A. as of December 31, 2023.

AFTER LEASE INDICATORS - TIM S.p.A.

The Company, 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, TIM presents the following additional alternative performance measures:

EBITDA ADJUSTED AFTER LEASE TIM S.p.A.

(million euros)	2023	2022	Changes	
			absolute	%
ORGANIC EBITDA - excluding Non-recurring items	2,641	**2,706**	**(65)**	**(2.4)**
Lease payments	(518)	(495)	(23)	4.6
EBITDA adjusted After Lease (EBITDA-AL)	2,123	**2,211**	**(88)**	**(4.0)**

ADJUSTED NET FINANCIAL DEBT AFTER LEASE TIM S.p.A.

(million euros)	12.31.2023	12.31.2022	Change
Adjusted Net Financial Debt	21,149	**21,709**	**(560)**
Leases	(3,103)	(3,006)	(97)
Adjusted Net Financial Debt - After Lease	18,046	**18,703**	**(657)**

EQUITY FREE CASH FLOW AFTER LEASE TIM S.p.A.

(million euros)	2023	2022	Change
EQUITY FREE CASH FLOW	1,064	**(262)**	**1,326**
Change in lease contracts (principal share)	(375)	(381)	6
EQUITY FREE CASH FLOW AFTER LEASE	689	**(643)**	**1,332**

RECONCILIATION OF CONSOLIDATED EQUITY

(million euros)	Profit (loss) for the year		Equity at 12.31	
	2023	2022	2023	2022
Equity and Profit (Loss) for the year of TIM S.p.A.	**(995)**	**(3,077)**	**13,156**	**14,252**
Equity and Profit (Loss) for the year of consolidated companies, net of the share attributable to Non-controlling interest	1,839	690	18,034	18,876
Consolidation adjustments on the Equity and Profit (Loss) for the year attributable to Owners of the Parent:				
elimination of carrying amount of consolidated investments	—	—	(32,498)	(33,113)
impairment losses of consolidated companies included in the results of parent companies	160	32	9,711	9,564
elimination of goodwill recognized in Parent financial statements	—	—	(12,064)	(12,064)
recognition of positive differences arising from purchase of investments, of which:				
- goodwill	—	—	16,992	16,941
- allocation of the purchase price to the net assets acquired and liabilities assumed in business combinations	—	(17)	9	379
measurement of hedging derivatives at Group level	(1)	16	227	231
effect of elimination of carrying amount of Parent's shares held by TIM (formerly Telecom Italia Finance)	—	—	56	56
intra-group dividends	(2,443)	(495)	—	(107)
change in share of losses (profits) from sale of investments	(7)	(141)	(32)	(22)
other adjustments	6	67	55	68
Equity and Profit (Loss) for the year attributable to Owners of the Parent	**(1,441)**	**(2,925)**	**13,646**	**15,061**
Equity and Profit (Loss) for the year attributable to Non-controlling interest	334	271	3,867	3,664
Equity and Profit (Loss) for the year in the Consolidated Financial Statements	**(1,107)**	**(2,654)**	**17,513**	**18,725**

CORPORATE BOARDS AS OF DECEMBER 31, 2023

Board of Directors

The Ordinary Shareholders' meeting of TIM, held on March 31, 2021, appointed a Board of 15 Directors and for a three-year term of office (up to the approval of the financial statements at December 31, 2023). At its meeting on April 1, 2021, the Board of Directors confirmed Salvatore Rossi as its Chairman, and Luigi Gubitosi as Chief Executive Officer of the Company.

During the meeting held on November 26, 2021, Luigi Gubitosi returned the delegations of Chief Executive Officer and the appointment of General Manager. The Board of Directors thus appointed Pietro Labriola as General Manager, attributing him all the powers necessary for performing actions pertinent to the activity of the company. During the same meeting, the Board of Directors appointed Paola Sapienza as Lead Independent Director.

Thereafter, on December 17, 2021, Luigi Gubitosi stood down from TIM's Board of Directors, which on January 21, 2022 then coopted Pietro Labriola, who maintained the office of General Manager and appointed him Chief Executive Officer.

The Shareholders' Meeting of April 7, 2022 confirmed Pietro Labriola as Company Director (until approval of the financial statements as at December 31, 2023) and the Board of Directors meeting held on that same date appointed him as CEO; Pietro Labriola also maintained the powers and attributions as General Manager of the Company. As CEO and General Manager, Pietro Labriola is classified as a (non-independent) Executive Director.

The current power structure of the Company provides the assignment:

- to the Chairman, of the powers contemplated by law, the bylaws and corporate governance arrangements;
- to the Chief Executive Officer, of all powers necessary to perform acts pertinent to the Company's business, except for the powers reserved to the Board of Directors.

On September 29, 2022, Luca De Meo stood down (having already relinquished the role of member of the Nomination and Remuneration Committee on March 23, 2022). Franck Cadoret resigned on November 16, 2022. On November 30 and December 15, 2022 respectively, Giulio Gallazzi (Independent Director) and Massimo Sarmi were coopted to replace them, confirmed in their roles by the Shareholders' Meeting of April 20, 2023. On January 16, 2023, Arnaud Roy de Puyfontaine tendered his resignation from the office of Board director. On June 14, 2023, Alessandro Pansa was coopted to replace him, and will remain in office until the next Shareholders' Meeting.

On January 18, 2024, the Board of Directors of the Company, after reviewing the position of the Chairman, concluded that the reasons that led to the declaration of his non-independence are no longer valid and confirmed his independence in accordance with the laws and regulations.

At December 31, 2023, the Board of Directors of TIM S.p.A. had the following members:

Chairman	Salvatore Rossi
Chief Executive Officer and General Manager	Pietro Labriola
Directors	Paolo Boccardelli (independent)
	Paola Bonomo (independent)
	Paola Camagni (independent)
	Maurizio Carli (independent)
	Cristiana Falcone (independent)
	Federico Ferro Luzzi (independent)
	Giulio Gallazzi (independent)
	Giovanni Gorno Tempini
	Marella Moretti (independent)
	Alessandro Pansa
	Ilaria Romagnoli (independent)
	Paola Sapienza (Lead Independent Director)
	Massimo Sarmi
Secretary to the Board	Agostino Nuzzolo

The following board committees were in place at December 31, 2023:

- **Control and Risk Committee**, made up of the Directors: Federico Ferro Luzzi (Chairman), Paolo Boccardelli, Paola Bonomo, Marella Moretti and Ilaria Romagnoli;
- **Nomination and Remuneration Committee**, made up of the Directors: Paola Bonomo (Chairman), Paola Camagni, Maurizio Carli and Paola Sapienza;
- **Related Parties Committee**, made up of the Directors: Paolo Boccardelli (Chairman), Maurizio Carli, Cristiana Falcone, Marella Moretti and Ilaria Romagnoli;
- **Sustainability Committee**, made up of the Chairman of the Board of Directors, Salvatore Rossi and Directors Paola Camagni, Cristiana Falcone, Federico Ferro Luzzi and Paola Sapienza.

Board of Statutory Auditors

The Ordinary Shareholders' Meeting of March 31, 2021 appointed the Company's Board of Statutory Auditors for a term of office that will end with the approval of the 2023 financial statements.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Francesco Fallacara
Standing Auditors	Angelo Rocco Bonissoni
	Francesca di Donato
	Anna Doro
	Massimo Gambini
Alternate Auditors	Ilaria Antonella Belluco
	Laura Fiordelisi
	Franco Maurizio Lagro
	Paolo Prandi

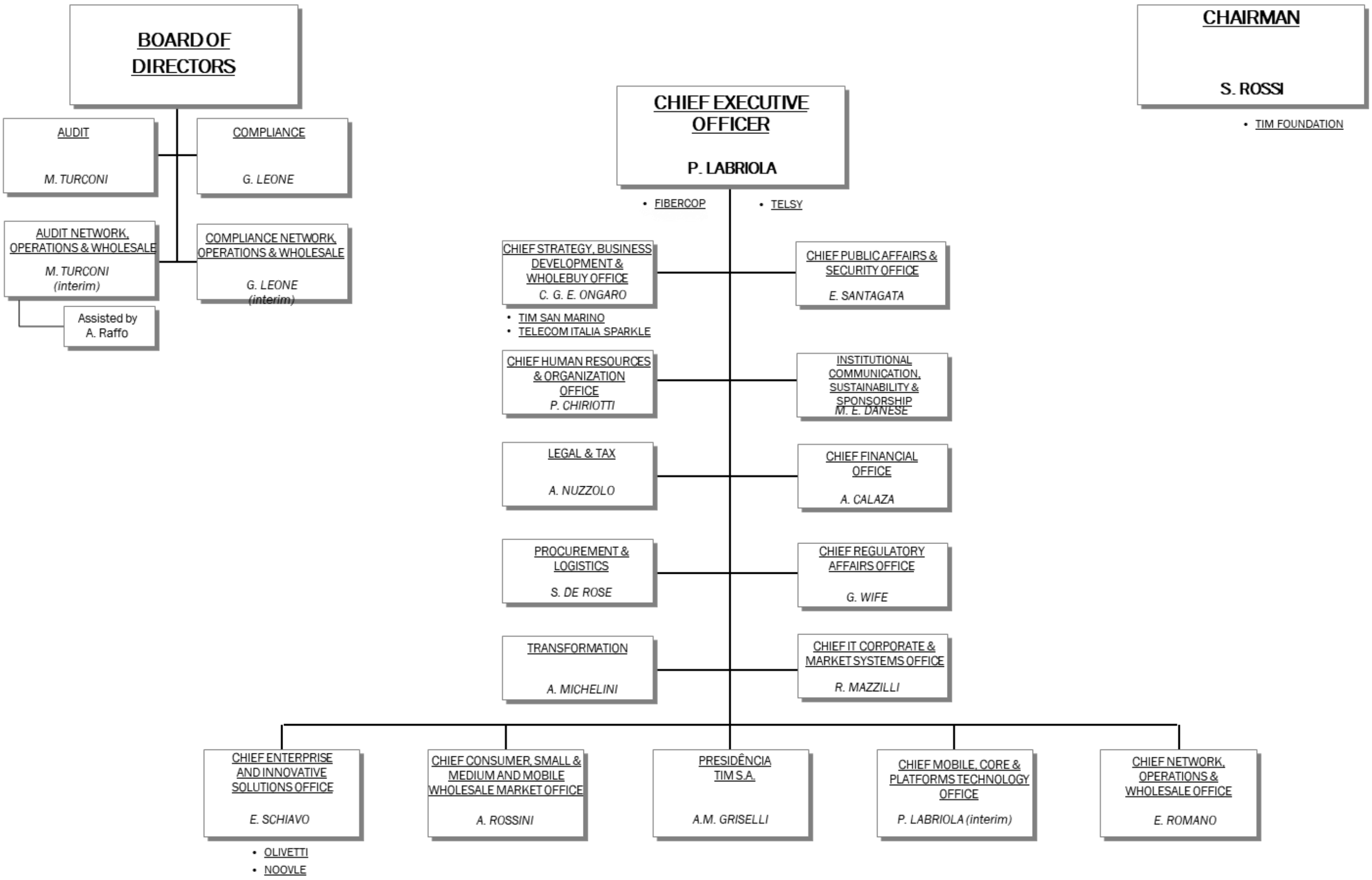
Independent Auditors

The engagement for the independent auditing of the financial statements of TIM S.p.A. for the nine-year period 2019-2027 was awarded to EY S.p.A. by the shareholders' meeting of March 29, 2019.

Executive responsible for preparing the corporate accounting documents

At the meeting of February 14, 2022, the Board of Directors appointed Adrian Calaza Noia (Head of the Group Chief Financial Office) as the manager responsible for preparing the financial reports of TIM S.p.A. starting from the approval of the Company's draft 2021 financial statements.

MACRO-ORGANIZATION CHART AS AT DECEMBER 31, 2023



TIM GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

TIM GROUP CONSOLIDATED FINANCIAL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

(million euros)		notes	12.31.2023	*of which with related parties*	12.31.2022	*of which with related parties*
Non-current assets						
Intangible assets						
Goodwill		5)	19,170	—	19,111	—
Intangible assets with a finite useful life		6)	7,122	—	7,656	—
			26,292	—	**26,767**	—
Tangible assets		7)				
Property, plant and equipment owned			**14,692**	—	**14,100**	—
Rights of use assets		8)	**5,515**	*51*	**5,488**	*38*
Other non-current assets						
Investments in associates and joint ventures accounted for using the equity method		9)	537	—	539	—
Other investments		9)	140	—	116	—
Non-current financial receivables arising from lease contracts		10)	112	*64*	49	*1*
Other non-current financial assets		10)	1,103	—	1,602	—
Miscellaneous receivables and other non-current assets		11)	2,187	*2*	2,365	*1*
Deferred tax assets		12)	701	—	769	—
			4,780	—	**5,440**	—
Total Non-current assets	**(a)**		**51,279**	—	**51,795**	—
Current assets						
Inventories		13)	345	—	322	—
Trade and miscellaneous receivables and other current assets		14)	4,699	*94*	4,539	*81*
Current income tax receivables			191	—	147	—
Current financial assets		10)				
Current financial receivables arising from lease contracts			*162*	*53*	*69*	*11*
Securities other than investments, other financial receivables and other current financial assets			*2,571*	—	*1,600*	—
Cash and cash equivalents			*2,912*	—	*3,555*	—
			5,645	—	5,224	—
Current assets sub-total			**10,880**	—	**10,232**	—
Discontinued operations /Non-current assets held for sale						
of a financial nature			—	—	—	—
of a non-financial nature			—	—	—	—
			—	—	**—**	—
Total Current assets	**(b)**		**10,880**	—	**10,232**	—
Total Assets	**(a+b)**		**62,159**	—	**62,027**	—

Equity and liabilities

(million euros)		notes	12.31.2023	*of which with related parties*	12.31.2022	*of which with related parties*
Equity		15)				
Share capital issued			11,677	—	11,677	—
less: Treasury shares			(57)	—	(63)	—
Share capital			11,620	—	11,614	—
Additional paid-in capital			575	—	2,133	—
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year			1,451	—	1,314	—
Equity attributable to owners of the Parent			13,646	—	15,061	—
Non-controlling interests			3,867	—	3,664	—
Total Equity			17,513	—	18,725	—
Non-current liabilities						
Non-current financial liabilities for financing contracts and others		16)	21,284	—	21,739	—
Non-current financial liabilities for lease contracts		16)	4,743	*2*	4,597	*10*
Employee benefits		21)	511	—	684	—
Deferred tax liabilities		12)	83	—	84	—
Provisions		22)	679	—	910	—
Miscellaneous payables and other non-current liabilities		23)	1,326	*19*	1,146	*21*
Total Non-current liabilities	**(d)**		28,626		29,160	
Current liabilities						
Current financial liabilities for financing contracts and others		16)	5,771	*2*	5,039	—
Current financial liabilities for lease contracts		16)	838	*3*	870	*13*
Trade and miscellaneous payables and other current liabilities		24)	9,384	*123*	8,199	*149*
Income tax payables		12)	27	—	34	—
Current liabilities sub-total			16,020		14,142	
Liabilities directly associated with Discontinued operations/Non-current assets held for sale						
of a financial nature			—	—	—	—
of a non-financial nature			—	—	—	—
			—	—	—	—
Total Current Liabilities	**(e)**		16,020	—	14,142	—
Total Liabilities	**(f=d+e)**		44,646	—	43,302	—
Total Equity and Liabilities	**(c+f)**		62,159	—	62,027	—

SEPARATE CONSOLIDATED INCOME STATEMENT

(million euros)	notes	Financial year 2023	of which with related parties	Financial year 2022	of which with related parties
Revenues	26)	**16,296**	*356*	**15,788**	*171*
Other income	27)	206	*(9)*	213	*3*
Total operating revenues and other income		**16,502**		**16,001**	
Acquisition of goods and services	28)	(7,518)	*(331)*	(7,239)	*(491)*
Employee benefits expenses	29)	(2,987)	*(91)*	(3,180)	*(100)*
Other operating expenses	30)	(872)	—	(816)	—
Change in inventories		47	—	22	—
Internally generated assets	31)	538	—	559	—
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**5,710**		**5,347**	
of which: impact of non-recurring items	42)	*(673)*		*(682)*	
Depreciation and amortization		(4,863)	*(5)*	(4,777)	*(33)*
Gains (losses) on disposals of non-current assets		(11)	—	36	—
Impairment reversals (losses) on non-current assets		—	—	—	—
Operating profit (loss) (EBIT)		**836**		**606**	
of which: impact of non-recurring items	42)	*(676)*		*(682)*	
Share of losses (profits) of associates and joint ventures accounted for using the equity method	9)	(29)	—	23	—
Other income (expenses) from investments		53	—	206	—
Finance income	36)	1,095	—	1,115	—
Finance expenses	36)	(2,835)	*(4)*	(2,538)	*(12)*
Profit (loss) before tax from continuing operations		**(880)**		**(588)**	
of which: impact of non-recurring items	42)	*(669)*		*(490)*	
Income tax expense	12)	(227)	—	(2,066)	—
Profit (loss) from continuing operations		**(1,107)**		**(2,654)**	
Profit (loss) from Discontinued operations/Non-current assets held for sale		**—**		**—**	
Profit/(Loss) for the year	37)	**(1,107)**		**(2,654)**	
of which: impact of non-recurring items	42)	*(670)*		*(2,437)*	
Attributable to:					
Owners of the Parent		**(1,441)**		**(2,925)**	
Non-controlling interests		334		271	

(euros)		Financial year 2023	Financial year 2022
Earnings per share:	38)		
Basic and Diluted Earnings Per Share (EPS)			
Ordinary Share		(0.07)	(0.14)
Savings Share		(0.07)	(0.14)
of which:			
from Continuing operations attributable to Owners of the Parent			
Ordinary Share		(0.07)	(0.14)
Savings Share		(0.07)	(0.14)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Note 15

(million euros)		Financial year 2023	Financial year 2022
Profit/(Loss) for the year	(a)	(1,107)	(2,654)
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		3	(2)
Income tax effect		—	—
	(b)	3	(2)
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		(8)	77
Income tax effect		—	(17)
	(c)	(8)	60
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)	(5)	58
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		43	(130)
Loss (profit) transferred to Separate Consolidated Income Statement		(9)	21
Income tax effect		(1)	4
	(f)	33	(105)
Hedging instruments:			
Profit (loss) from fair value adjustments		(382)	488
Loss (profit) transferred to Separate Consolidated Income Statement		192	(235)
Income tax effect		45	(61)
	(g)	(145)	192
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		189	597
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	189	597
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)	77	684
Total other components of the Consolidated Statement of Comprehensive Income	(m=e+k)	72	742
Total comprehensive income (loss) for the year	(a+m)	(1,035)	(1,912)
Attributable to:			
Owners of the Parent		(1,432)	(2,365)
Non-controlling interests		397	453

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2022 to December 31, 2022

	Equity attributable to owners of the Parent										
(million euros)	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 year	Total	Non-controlling interests	Total Equity
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 year:											
Dividends approved	—	—	—	—	—	—	—	—	**—**	(86)	**(86)**
Total comprehensive income (loss) for the year	—	—	(107)	193	415	59	—	(2,925)	**(2,365)**	453	**(1,912)**
Issue of equity instruments	—	—	—	—	—	—	—	6	**6**	—	**6**
Daphne3 - deconsolidation	—	—	—	—	—	—	—	—	**—**	(1,332)	**(1,332)**
Other changes	—	—	—	—	—	—	—	6	**6**	4	**10**
Balance at December 31, 2022	**11,614**	**2,133**	**(58)**	**65**	**(2,085)**	**(71)**	**—**	**3,463**	**15,061**	**3,664**	**18,725**

Changes from January 1, 2023 to December 31, 2023 Note 15

	Equity attributable to owners of the Parent										
(million euros)	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 year	Total	Non-controlling interests	Total Equity
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 year:											
Dividends approved	—	—	—	—	—	—	—	—	**—**	(197)	**(197)**
Total comprehensive income (loss) for the year	—	—	36	(145)	126	(8)	—	(1,441)	**(1,432)**	397	**(1,035)**
Disposal of treasury shares under the LTI Plan	6	—	—	—	—	—	—	(6)	**—**	—	**—**
Equity instruments	—	—	—	—	—	—	—	2	**2**	—	**2**
Other changes	—	(1,558)	—	—	—	—	—	1,573	**15**	3	**18**
Balance at December 31, 2023	**11,620**	**575**	**(22)**	**(80)**	**(1,959)**	**(79)**	**—**	**3,591**	**13,646**	**3,867**	**17,513**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)	notes	Financial year 2023	Financial year 2022
Cash flows from operating activities:			
Profit (loss) from continuing operations		(1,107)	(2,654)
Adjustments for:			
Depreciation and amortization		4,863	4,777
Impairment losses (reversals) on non-current assets (including investments)		(6)	9
Net change in deferred tax assets and liabilities		148	2,645
Losses (gains) realized on disposals of non-current assets (including investments)		(35)	(242)
Share of losses (profits) of associates and joint ventures accounted for using the equity method		29	(23)
Change in employee benefits		(291)	156
Change in inventories		(31)	(35)
Change in trade receivables and other net receivables		(39)	(81)
Change in trade payables		191	484
Net change in income tax receivables/payables		(21)	(478)
Net change in miscellaneous receivables/payables and other assets/liabilities		243	337
Cash flows from (used in) operating activities	**(a)**	**3,944**	**4,895**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(3,969)	(6,305)
Contributions for plants received		758	3
Acquisition of control of companies or other businesses, net of cash acquired		19	(1,316)
Acquisitions/disposals of other investments		(49)	(26)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(1)	(919)	969
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		11	62
Cash flows from (used in) investing activities	**(b)**	**(4,149)**	**(5,335)**
Cash flows from financing activities:			
Change in current financial liabilities and other		241	(436)
Proceeds from non-current financial liabilities (including current portion)		4,037	2,288
Repayments of non-current financial liabilities (including current portion)		(4,607)	(4,615)
Change in hedging and non-hedging derivatives		68	(36)
Share capital proceeds/reimbursements (including subsidiaries)		—	2
Dividends paid(*)		(189)	(68)
Changes in ownership interests in consolidated subsidiaries		(6)	(4)
Cash flows from (used in) financing activities	**(c)**	**(456)**	**(2,869)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**—**	**—**
Aggregate cash flows	**(e=a+b+c+d)**	**(661)**	**(3,309)**
Net cash and cash equivalents at beginning of the year	**(f)**	**3,555**	**6,904**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	18	(40)
Net cash and cash equivalents at end of the year	**(h=e+f+g)**	**2,912**	**3,555**
(*) of which from related parties		—	—

(1) This item includes investments in marketable securities amounting to 2,342 million euros in 2023 (3,042 million eurosin 2022) and redemptions of marketable securities amounting to 1,995 million euros in 2023 (3,924 million euros in 2022), relating to TIM S.A. and Telecom Italia Finance S.A..

Purchase of intangible, tangible and rights of use assets

(million euros)	notes	Financial year 2023	Financial year 2022
Purchase of intangible assets	6)	(912)	(1,128)
Purchase of tangible assets	7)	(2,941)	(2,828)
Purchase of rights of use assets	8)	(1,216)	(953)
Total purchase of intangible, tangible and rights of use assets on an accrual basis(*)		(5,069)	(4,909)
Change in payables arising from purchase of intangible, tangible and rights of use assets		1,100	(1,396)
Total purchases of intangible, tangible and rights of use assets on a cash basis		(3,969)	(6,305)
(*) of which from related parties		66	71

Additional Cash Flow information

(million euros)	Financial year 2023	Financial year 2022
Income taxes (paid) received	(117)	164
Interest expense paid	(2,103)	(1,668)
Interest income received	597	562
Dividends received	20	155

Analysis of Net Cash and Cash Equivalents

(million euros)	Financial year 2023	Financial year 2022
Net cash and cash equivalents at beginning of the year:		
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 year:		
Cash and cash equivalents - from continuing operations	2,912	3,555
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	—	—
	2,912	**3,555**

The supplementary disclosures required by IAS 7 are provided in Note 17 “Net financial debt”.

NOTE 1
FORM, CONTENT AND OTHER GENERAL INFORMATION

Form and content

Telecom Italia S.p.A. (the "**Parent Company**"), also known in short as "TIM S.p.A.", and its subsidiaries form the "**TIM Group**" (the "**Group**").

TIM is a joint-stock company (S.p.A.) organized under the laws of the Republic of Italy.

The registered offices of the Parent, TIM, are located in Milan, Italy at Via Gaetano Negri 1.

The duration of TIM S.p.A., as stated in the company's bylaws, extends until December 31, 2100.

The TIM Group operates mainly in Europe, the Mediterranean Basin and South America.

The Group is engaged principally in the communications sector and, particularly, the fixed and mobile national and international telecommunications sector.

The TIM Group's Consolidated Financial Statements at December 31, 2023, have been prepared on a going concern basis (further details are provided in the Note "Accounting Policies") and in accordance with the recognition and measurement criteria of the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "IFRS"), as well as laws and regulations in force in Italy.

In 2023, the Group adopted accounting policies consistent with those of the previous year, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2023. See the Note "Accounting policies" for more details.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the changes in fair value of the hedged risks (fair value hedge).

In accordance with IAS 1 (Presentation of Financial Statements) comparative information included in the consolidated financial statements refers, unless otherwise indicated, to the previous year.

The TIM Group consolidated financial statements as at December 31, 2023 are expressed in euro (rounded to the nearest million unless otherwise indicated).

The publication of the consolidated financial statements for the year ended December 31, 2023 of the TIM Group was approved by resolution of the Board of Directors on March 6, 2024.

Financial statement formats

The financial statement formats adopted are consistent with those indicated in IAS 1. More specifically:

- the **Consolidated statements of financial position** have been prepared by classifying assets and liabilities according to the "current and non-current" criterion;
- the **Separate Consolidated Income Statement** has been prepared by classifying operating costs by nature of expense as this form of presentation is considered more appropriate and representative of the specific business of the Group, conforms to internal reporting, and is in line with the TIM Group's industrial sector.

In addition to EBIT or Operating profit (loss), the separate consolidated income statements include the alternative performance measure of EBITDA or Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets.

In particular, besides EBIT, EBITDA is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). This indicator represents a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level).

EBIT and EBITDA 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 joint ventures 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	

- the **Consolidated statements of comprehensive income** include the profit or loss for the year as shown in the Separate Consolidated Income Statement and all other non-owner changes in equity;
- the **Consolidated statements of cash flows** have been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, as required by Consob Resolution 15519 of July 27, 2006, in the separate consolidated income statement, income and expenses relating to transactions which by nature do not occur during normal operation (non-recurring transactions) have been specifically identified and their impacts on the main intermediate levels have been shown separately, when they are significant. Specifically, non-recurring income/(expenses) include, for instance: income/expenses arising from the sale of property, plant and equipment, business segments and investments; expenses stemming from company reorganization and streamlining processes and projects, also in connection with corporate transactions (mergers, spin-offs, etc.); expenses resulting from litigation and regulatory sanctions and related liabilities; other provisions and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.

Also in reference to the above Consob Resolution, the amounts relating to balances or transactions with related parties have been shown separately in the consolidated financial statements.

Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources (for the TIM Group, the Board of Directors of the Parent) to be allocated to the segment and assess its performance; and
- for which separate financial information is available.

The TIM Group operating segments are in line with and continuing on from the information given in the Consolidated Annual Financial Report at December 31, 2022, are represented for the part relating to the telecommunications business, on the basis of the related geographic location (Domestic and Brazil).

The term "operating segment" is considered synonymous with "Business Unit".

The operating segments of the TIM Group are as follows:

- **Domestic**: includes the activities in Italy relating to voice and data services on fixed and mobile networks for end users (retail) and other operators (wholesale), the activities of the Telecom Italia Sparkle group which, at international level (in Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of the company FiberCop for the provision of passive access services on the secondary copper and fiber network, and the activities of Noovle S.p.A. (Cloud and Edge Computing solutions), the activities of Olivetti (products and services for Information Technology), and, Domestic sector support structures. See the section "Financial and Operating Highlights of the Business Units of the TIM Group – Domestic Business Unit" of the Report on Operations for more details;
- **Brazil**: includes mobile and fixed telecommunications operations in Brazil (TIM S.A.);
- **Other Operations**: include the financial companies (Telecom Italia Capital S.A. and Telecom Italia Finance S.A.) and other minor companies not strictly related to the TIM Group's core business.

In the course of 2024, once the Group's transformation process aimed at overcoming the vertically integrated model has been completed and the sale of TIM's fixed network business ("NetCo") has been completed, an assessment will be carried out to identify the operating segments in accordance with IFRS 8, with reference to the specific indications provided for by the standard itself (autonomy of operating flows, methods of allocating financial resources, management reporting, etc.).

NOTE 2
ACCOUNTING POLICIES

Going concern

The consolidated financial statements for the business year 2023 have been prepared on a going concern basis, as there is the reasonable expectation that TIM will continue conducting its business in the foreseeable future (and, in any event, over a period of at least twelve months).
In particular, the following factors have been taken into consideration:

- the main risks and uncertainties (that are for the most part of an external nature) to which the Group and the various activities of the TIM Group are exposed:
  - variations in business conditions, also related to competition;
  - financial risks (interest rate and/or exchange rate trends, changes in the Group's credit rating by rating agencies);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to recessionary and inflationary risks. In particular, these risks relate to the increasing costs of raw materials and energy, including as a result of the Russian-Ukrainian conflict;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices); and
  - the outcome of the legal and regulatory authority proceedings.
- the optimal mix between risk capital and debt capital, as well as the policy for the remuneration of risk capital, as described in the section "Share capital information" under the Note "Equity";
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Note "Financial risk management".

Based on these factors, the Management believes that, at the present time, there are no elements of uncertainty regarding the Group's ability to continue as a going concern.

Principles of consolidation

The consolidated financial statements include the financial statements of all subsidiaries from the date on which control over such subsidiaries commences until the date on which control ceases.

The date of all the subsidiaries' financial statements coincides with that of the Parent company, TIM.

Control exists when the Parent company TIM S.p.A. has all the following:

- decision-making power over the investee, which includes the ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns;
- entitlement to the variable profits or losses commensurate with its shareholding in the investee;
- the ability to use its decision-making to determine the amount of the returns relating to its shareholding in the entity.

TIM assesses whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three control elements.

In the preparation of the consolidated financial statements, the global amounts of the assets, liabilities, costs and revenues of the consolidated companies are recognized on a line-by-line basis, while the share of equity and the year's result of non-controlling interest is recognized is disclosed separately under appropriate items in the consolidated statements of financial position, in the separate consolidated income statement and in the consolidated statements of comprehensive income.

Under IFRS 10 (Consolidated financial statements), the comprehensive loss (including the profit or loss for the year) is attributed to the owners of the parent and to non-controlling interest even when the equity of non-controlling interest has a deficit balance.

All intragroup balances and transactions and any gains and losses arising from intragroup transactions are eliminated in consolidation.

The carrying amount of the investment in each subsidiary is eliminated against the corresponding share of equity in each subsidiary, after adjustment, if any, to fair value at the date of acquisition of control. At that date, goodwill is recorded as an intangible asset, as described below, whereas any profit from a bargain purchase (or negative goodwill) is recognized in the separate consolidated income statement.

All the assets and liabilities expressed in currencies other than euro of foreign consolidated entities that are included in the consolidation are translated using the exchange rates in effect at the reporting date (the current exchange rate method), while the related revenues and costs are translated at the average exchange rates for the year. Exchange differences resulting from the application of this method are classified as equity until the entire disposal of the investment or upon loss of control of the foreign subsidiary. Upon partial disposal, without losing control, the proportionate share of the cumulative amount of exchange differences related to the disposed interest is recognized as non-controlling interest equity. The cash flows of foreign consolidated subsidiaries expressed in currencies other than euro included in the consolidated statements of cash flows are translated into euro at the average exchange rates for the year.

Goodwill and fair value adjustments arising from the allocation of the purchase price of a foreign entity are recorded in the relevant foreign currency and are translated using the year-end exchange rate.

Under IFRS 10, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of controlling and non-controlling interests shall be adjusted to reflect the changes in their related interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

Under IFRS 10, the parent company in case of loss of control of a subsidiary:

- derecognizes:
  - the assets (including any goodwill) and the liabilities;
  - the carrying amount of any non-controlling interest;
- recognizes:
  - the fair value of any consideration received;
  - the fair value of any residual investment retained in the former subsidiary;
  - any profit or loss resulting from the transaction, in the separate consolidated income statement;
  - the reclassification to the separate consolidated income statement of the amounts previously recognized in other comprehensive income in relation to the subsidiary.

In the consolidated financial statements, investments in associates and joint ventures are accounted for using the equity method, as provided, respectively, by IAS 28 (Investments in Associates and Joint Ventures) and IFRS 11 (Joint Arrangements).

Associates are enterprises in which the Group holds at least 20% of the voting rights or exercises significant influence, but no control or joint control over their financial and operating policies.

A joint venture is a joint control arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the entity.

Joint control is the contractually agreed sharing of control of a business that exists only when decisions about the relevant business require the unanimous consent of the parties sharing control.

Associates and joint ventures are included in the consolidated financial statements from the date on which significant influence or joint control commences until the date on which significant influence or joint control ceases.

Under the equity method, on initial recognition the investment in an associate or joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the separate consolidated income statement. Dividends received from an investee reduce the carrying amount of the investment.

Adjustments to the carrying amount may also be necessary for changes in the investee's other comprehensive income (i.e. those arising from foreign exchange translation differences). The investor's share of those changes is recognized in the investor's other comprehensive income.

If an investor's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the investor discontinues recognizing its share of further losses. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Any other long-term interests (some types of preference shares and long-term loans) in an associate or joint venture are measured in accordance with IFRS 9.

Gains and losses resulting from "upstream" and "downstream" transactions between an investor (including its consolidated subsidiaries) and its associate or joint venture are recognized in the investor's financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

The investor's share of profits and losses of the associate or joint venture arising from said transactions is eliminated.

Intangible assets

Goodwill

In accordance with IFRS 3 (Business Combinations), goodwill is recognized in the financial statements at the date of acquisition of control of a business and is determined as the excess of (a) over (b), as follows:

a) the aggregate of:

- the consideration transferred (measured in accordance with IFRS 3; it is generally recognized on the basis of the fair value at the acquisition date);
- the amount of any non-controlling interest in the acquiree measured proportionally to the non-controlling interest share of the acquiree's identifiable net assets shown at the related fair value;
- in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree;

b) the fair value of the identifiable assets acquired net of the identifiable liabilities assumed, measured at the date of acquisition of control.

IFRS 3 requires, inter alia, the following:

- incidental costs incurred in connection with a business combination to be charged to the separate income statements;
- in a business combination achieved in stages, the acquirer to remeasure its previously held equity interest in the acquiree at its fair value at the date of acquisition of control and recognize the resulting gain or loss, if any, in the separate income statements.

Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life.

Goodwill initially recognized is subsequently reduced only by cumulative impairment losses (for more details, see the section "Impairment of intangible assets, tangible assets and rights of use assets - Goodwill", below). In case of loss of control of a subsidiary, the related amount of goodwill is taken into account in calculating the gain or loss on disposal.

Development costs

Costs incurred internally for the development of new products and services represent either intangible assets (mainly costs for software development) or tangible assets. These costs are capitalized only when all the following conditions are satisfied: i) the cost attributable to the development phase of the asset can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability to complete the asset and make it available for use or sale, and iii) it can be demonstrated that the asset will be able to generate future economic benefits. Capitalized development costs comprise only incurred expenditures that can be attributed directly to the development process for new products and services.

Capitalized development costs are depreciated/amortized systematically over the estimated product or service life, so that the depreciation/amortization method reflects the way in which the asset's future economic benefits are expected to be consumed by the entity.

Other intangible assets with a finite useful life

Other purchased or internally-generated intangible assets with a finite useful life are recognized as assets, in accordance with IAS 38 (Intangible Assets), when the use of the asset is likely to generate future economic benefits and when the cost of the asset can be reliably measured.

Such assets are recorded at purchase or production cost and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized prospectively in the separate consolidated income statement.

Tangible assets

Property, plant and equipment

Property, plant and equipment are recognized at purchase or production cost. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property, plant and equipment. All other expenditures are recognized in the separate consolidated income statement as incurred.

The cost of these assets also includes the expected costs of dismantling the asset and restoring the site, if a legal or constructive obligation exists. The corresponding liability is recognized at its present value as a provision in the statement of financial position. The recognition in the separate consolidated income statement of the capitalized expenditure is done over the useful life of the related tangible assets through their depreciation.

The calculation of estimates for dismantling costs, discount rates and the dates in which such costs are expected to be incurred is reviewed annually at each financial year-end. Changes in the above liability must be recognized as an increase or decrease of the cost of the related asset; the amount deducted from the cost of the asset must not exceed its carrying amount. The excess, if any, is recorded immediately in the separate consolidated income statement, conventionally under the line item "Depreciation and Amortization".

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

Depreciation rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized prospectively in the separate consolidated income statement.

Land, including land pertaining to buildings, is not depreciated.

Rights of use assets

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position consisting in the present value of future lease payments, against the recognition of the right of use of the leased asset.

On the commencement date of the lease, the right of use is recognized at cost including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred for the signature of the lease and the present value of the estimated restoration and dismantling costs set out in the lease, less any incentives.

Subsequently, the right of use is amortized over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability.

The TIM Group attracts, under the scope of application of IFRS 16, if the criteria and the requirements laid down by the standard are met, the contract types concerning cloud software resources and the spectrum of transmission frequencies on optic fiber carriers. This approach is functional to the very innovative specificity of these types of contract, concerning hardware infrastructure and optical transmission as well as technologically-advanced software services.

Capitalized borrowing costs

Under IAS 23 (*Borrowing Costs*), the Group capitalizes borrowing costs only if they are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time (conventionally more than 12 months) to get ready for its intended use or sale.

Capitalized borrowing costs are recorded in the separate consolidated income statement and deducted directly from the "finance expenses" line item to which they relate.

Impairment of intangible, tangible and rights of use assets

Goodwill

Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated.

The test is generally conducted at the end of every year, so the date of testing is the year-end closing date of the financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place.

For the purpose of verifying its recoverability, goodwill is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the combination.

If the carrying amount of the cash-generating unit (or group of cash-generating units) exceeds the recoverable amount, an impairment loss is recognized in the separate consolidated income statement. The impairment loss is first recognized as a deduction of the carrying amount of goodwill allocated to the cash-generating unit (or group of cash-generating units) and only subsequently applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life. The recoverable amount of a cash-generating unit (or group of cash-generating units) to which goodwill is allocated is the higher between the fair value less costs to sell and its value in use.

The fair value net of disposal costs is estimated on the basis of the income approach, insofar as this allows for the reflection of the benefits deriving from a new, different business structure in the future. In particular, the fair value net of disposal costs is based on the current value of the forecast cash flow, applying a discounting rate that reflects current market assessments of the time value of money and the risks specific to the asset. The future cash flows are those arising from an explicit time horizon between three and five years, as well as those extrapolated to estimate the terminal value.

In calculating the value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The future cash flows are those arising from an explicit time horizon between three and five years, as well as those extrapolated to estimate the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of cash-generating units) is assumed not to be higher than the average long-term growth rate of the segment, country or market in which the cash-generating unit (or group of cash-generating units) operates.

The value in use of cash-generating units denominated in foreign currency is estimated in the local currency by discounting cash flows to present value on the basis of an appropriate rate for that currency. The present value obtained is translated to euro at the spot rate on the date of the impairment test (in the case of the TIM Group, the closing date of the financial statements).

Future cash flows are estimated by referring to the current operating conditions of the cash-generating unit (or group of cash-generating units) and, therefore, do not include either benefits originating from future restructuring for which the entity is not yet committed, or future investments for the improvement or optimization of the cash-generating unit.

For the purpose of calculating impairment, the carrying amount of the cash-generating unit is established based on the same criteria used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (that is, financial assets, deferred tax assets and net non-current assets held for sale) and includes the goodwill attributable to non-controlling interest (minority shareholders).

After conducting the goodwill impairment test for the cash-generating unit (or groups of cash-generating units), a second level of impairment testing is carried out which includes the corporate assets which do not generate positive cash flows and which cannot be allocated by a reasonable and consistent criterion to the single units. At this second level, the total recoverable amount of all cash-generating units (or groups of cash-generating units) is compared to the carrying amount of all cash-generating units (or groups of cash-generating units), including also those cash-generating units to which no goodwill was allocated, and the corporate assets.

Tangible and intangible assets with finite useful lives and rights of use assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset – whether intangible or tangible with finite useful lives or a right of use – may be impaired. Both internal and external sources of information are used for this purpose. Internal sources include: obsolescence or physical deterioration, and significant changes in the use of the asset and the operating performance of the asset compared to estimated performance. External sources include: External sources include the market value of the asset, any changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments, and an excess of the carrying amount of the net assets of the Group over market capitalization.

If there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use – has been impaired, then its carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. In calculating the value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or right. If it is not possible to estimate the recoverable amount, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are recognized in the separate consolidated income statement.

When the reasons for the impairment subsequently cease to exist, the carrying value of the asset/right-of-use or of the cash generating unit is increased up to the new estimate of the recoverable amount which, however, cannot exceed the amount that would have been determined had no impairment loss been recognized. The reversal of an impairment loss is recognized as income in the separate consolidated income statement.

Financial instruments

Business models for financial assets management

For the management of trade receivables, TIM Group Management has identified different business models based on the specific nature of the receivables, the type of counterparty and collection times. This was in order to optimize the management of working capital through the constant monitoring of the payment performance of customers, the steering of credit collection policies, and the management of programs for the disposal of receivables, and the activation of factoring consistent with financial planning requirements.

The business models adopted are:

- *Hold to Collect*: receivables usually held to maturity, such as trade receivables due from large customers and the OLOs for the Domestic Business Unit, and all receivables for the Brazil Business Unit; these instruments fall within the IFRS 9 category “Assets measured at amortized cost”. These receivables can be transferred, albeit not recurrently, if this is needed to optimize finances;
- *Hold to Collect and Sell*: receivables usually traded massively and on a recurring basis, such as, for the Domestic Business Unit, receivables due from active consumer, small and business customers held for sale; these instruments fall under IFRS 9 category "Financial assets measured at fair value through other comprehensive income". As required by IFRS 9, the related reserve is reversed to the separate consolidated income statement when disposed of or impaired.

As part of managing financial assets other than trade receivables, the TIM Group's Management identified its business models on the basis of how the financial instruments are managed and how their cash flows are used. This is done to ensure an adequate level of financial flexibility and to best manage, in terms of risks and returns, the financial resources immediately available through the treasuries of Group companies and in accordance with the strategies set forth by the Parent TIM.

The business models adopted are:

- *Hold to Collect*: financial instruments used to absorb temporary cash surpluses; such instruments are low risk and mostly held to maturity; they are measured at amortized cost;
- *Hold to Collect and Sell*: monetary or debt instruments used to absorb short/medium-term cash surpluses; such instruments are low risk and generally held to maturity, or otherwise sold to cover specific cash requirements; they are measured at fair value through other consolidated comprehensive income;
- *Hold to Sell*: monetary, debt and equity trading instruments used to dynamically manage cash surpluses not managed under the business models identified above; such instruments are higher risk and traded repeatedly over time; they are measured at fair value through the separate consolidated income statement.

Other investments

Other investments (other than those in subsidiaries, associates and joint ventures) are classified as non-current or current assets if they will be kept in the Group's portfolio for a period of more or not more than 12 months, respectively.

Other investments are classified as “financial assets measured at fair value through consolidated profit or loss” (FVTPL), as current assets.

At the purchase time of each investment, IFRS 9 provides for the irrevocable option to recognize these investments in "financial assets measured at fair value through other consolidated comprehensive income" (FVTOCI) as non-current or current assets.

The other investments classified as “financial assets measured at fair value through other comprehensive income” are measured at fair value; changes in the fair value of these investments are recognized in a special equity reserve under the other components of the statements of comprehensive income (Reserve for financial assets measured at fair value through other comprehensive income), without reclassification to the separate income statements when the financial asset is disposed of or impaired. Dividends are recognized in the separate consolidated income statement.

Changes in the value of other investments classified as "financial assets at fair value through profit or loss" are recognized directly in the separate consolidated income statement.

Securities other than investments

Securities other than investments, included among non-current or current assets, depending on the business model adopted and the contractual flows envisaged, fall among financial assets measured at amortized cost, or measured at fair value through other comprehensive income or at fair value though profit or loss.

Securities other than investments classified as current assets are those that, by decision of the directors, are intended to be kept in the Group's portfolio for a period of not more than 12 months, and are classified:

- as "financial assets measured at amortized cost" (AC) when held to maturity (originally more than 3 months but less than 12 months, or, although they had an original maturity of more than 12 months, they have been bought in a period during which maturity was included between 3 and 12 months);
- as "financial assets measured at fair value through other consolidated comprehensive income" (FVTOCI) when held in the scope of a business model whose objective is to sell the financial asset and/or collect the contractual cash flows. The consolidated "Reserve for financial assets measured at fair value through other comprehensive income" is reversed to the separate consolidated income statement when the financial asset is disposed of or impaired;
- as “financial assets measured at fair value through consolidated profit or loss" (FVTPL) in the other cases.

Cash and cash equivalents

Cash and cash equivalents are recorded, according to their nature, at nominal value or amortized cost.

Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and their original maturity or the remaining maturity at the date of purchase does not exceed 3 months.

Impairment of financial assets

At every closing date, assessments are made as to whether there is any objective evidence that a financial asset or a group of financial assets has been impaired.

The impairment of financial assets is based on the expected credit loss model.

In particular:

- impairment on trade receivables and on contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions;

- the impairment of financial assets other than trade receivables is calculated on the basis of a general model which estimates expected credit losses over the following 12 months or over the residual life of the asset in the event of a substantial worsening of its credit risk.

Derivatives

As allowed by IFRS 9, the TIM Group decided to continue to apply the hedge accounting provisions contained in IAS 39 instead of those of IFRS 9.

Derivatives are used by the TIM Group to manage its exposure to exchange rate and interest rate risks and to diversify the parameters of debt, so that costs and volatility can be reduced within pre-established operational limits.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when:

- at the inception of the hedge, the hedging relationship is formally designated and documented;
- the hedge is expected to be highly effective;
- its effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of an asset or liability due to a particular risk, the profit or loss from re-measuring the hedging instrument at fair value is recognized in the separate consolidated income statement. The profit or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the separate consolidated income statement.
- Cash flow hedge – Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of an asset or liability or a highly probable expected transaction, the effective portion of any gain or loss arising from the fair value adjustment of the derivative financial instrument is recognized directly in a specific equity reserve (Reserve for hedging instruments). The cumulative profit or loss is removed from equity and recognized in the separate consolidated income statement during the same business years in which the hedged transaction is recognized in the separate consolidated income statement. The profit or loss associated with the ineffective portion of a hedge is recognized in the separate consolidated income statement immediately. If the hedged transaction is no longer considered to be probable, the gains or losses not yet realized included in the equity reserve are immediately recognized in the separate consolidated income statement.

For derivatives for which a hedging relationship has not been designated, changes in value compared to initial recognition are recognized directly in the separate consolidated income statement.

Financial liabilities

Financial liabilities include financial payables, including payables for advances on assignments of receivables where the assignment does not transfer substantially all the risks and rewards, as well as other financial liabilities, including derivative financial instruments and liabilities in respect of assets recognized under finance leases recognized in accordance with IFRS 16.

In accordance with IFRS 9, they also include trade and other payables.

Reverse factoring transactions are also classified under trade payables. The TIM Group has reverse factoring agreements in place through which TIM gives its bank partners a mandate to pay its suppliers as invoices become due. Suppliers participating in these programs have the rights to sell (without any cost for the TIM Group) receivables due from the Group. They can exercise this right at their total discretion and incurring all the costs to benefit from collection before the contractual due date.

Financial liabilities other than derivatives are initially recognized at fair value and subsequently measured at amortized cost.

Financial liabilities hedged by derivative instruments designed to manage exposure to changes in fair value of the liabilities (fair value hedge derivatives) are measured at fair value in accordance with the hedge accounting principles of IAS 39. the profits and losses deriving from subsequent fair value adjustments, only as regards the covered component, are recognized in the separate consolidated income statement and counterbalanced by the effective portion of the profit or loss deriving from the corresponding fair value measurements of the hedge instrument.

Financial liabilities hedged by derivative instruments designed to manage exposure to variability in cash flows (cash flow hedge derivatives) are measured at amortized cost in accordance with the hedge accounting principles of IAS 39.

Transfer of receivables

The TIM Group transfers receivables through factoring and securitization agreements. These transfers, in the majority of cases, are characterized by the transfer of substantially all the risks and rewards of ownership of the receivables to third parties, therefore meeting the requirements of IFRS 9 for derecognition. Special service agreements, under which the purchasers grant TIM S.p.A. a mandate to oversee the collection and management of receivables, have been entered into to maintain the relationship between the Company and its customers.

Inventories

Inventories are measured at the lower of purchase and production cost and estimated realizable value; the cost is determined using the weighted average cost formula for each movement, while the estimated realizable value is determined by observing general prices at the end of the year. Provision is made for obsolete and slow-moving inventories based on their expected future use and estimated realizable value.

Non-current assets held for sale/Discontinued operations

Non-current assets held for sale or discontinued groups whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from other assets and liabilities in the consolidated statements of financial position. The corresponding amounts for the previous year are not reclassified in the consolidated statements of financial position, but are instead shown separately in a specific column for changes in assets and liabilities in the year in which non-current assets held for sale or discontinued groups are classified as such.

Discontinued operations are a component of an entity that has been terminated or classified as held for sale and that:

- represents a major business line or geographical area of operation; or
- is part of a single coordinated plan to discontinue a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

The results arising from Discontinued Operations – whether discontinued or classified as held for sale – are shown separately in the separate consolidated income statement, net of tax effects. The corresponding values for the previous periods, where present, are reclassified and reported separately in the separate consolidated income statement, net of tax effects, for comparative purposes.

Non-current assets held for sale or discontinued groups classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to each specific asset and liability, and subsequently measured at the lower of the carrying amount and fair value, less cost to sell.

Any subsequent impairment losses are recognized as a direct adjustment to non-current assets (or discontinued groups) classified as held for sale, with a contra-entry in the separate consolidated income statement.

An upward revision of value is, instead, recognized for each subsequent increase in the fair value of an asset less cost to sell, but not in excess of the previously recognized cumulative impairment loss.

As required by IFRS 5 (Non-current assets held for sale and discontinued operations), an entity shall not depreciate (or amortize) non-current assets classified as held for sale or being part of a discontinued group.

Finance expenses and other expenses attributable to the liabilities of a discontinued group classified as held for sale must continue to be recognized.

* * *

During the meeting held on July 6, 2022, TIM’s Board of Directors approved the strategic objective of reorganizing the company with a view to overcoming the vertical integration and conferred a mandate on the CEO to assess and submit to the administrative body for all necessary resolutions, any transactions or possible transfer and valuation agreements for certain Group assets, with a view to achieving this strategic objective.

On November 3, 4 and 5, 2023, the Board of Directors of TIM S.p.A., at the outcome of an extensive and thorough review, conducted with the assistance of leading financial and legal advisors, examined and accepted the binding offer submitted on October 16, 2023 by Kohlberg Kravis Roberts & Co. L.P. ("KKR") for the acquisition of TIM's fixed-line network assets and the equity interests held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), by Optics BidCo S.p.A. (a subsidiary of KKR).

In execution of the resolutions adopted, TIM S.p.A. signed the transaction agreement with Optics BidCo which regulates:

- the contribution by TIM S.p.A. of a business unit - consisting of activities relating to the primary network, wholesale activity and the entire shareholding in the subsidiary Telenergia Srl - in FiberCop S.p.A., a company that already manages the activities relating to the network secondary fiber and copper, and
- the simultaneous purchase by Optics Bidco of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself, following the aforementioned transfer.

The transaction agreement provides that on the closing date, master services agreements will be signed, which will regulate the terms and conditions of the services to be rendered between NetCo and TIM S.p.A. following the completion of the transaction.

The transaction agreement also provides that the consideration for the sale of the equity interest may also be partially paid through the transfer of part of the TIM Group's debt at the closing of the NetCo transaction (so-called liability management). On March 6, 2024, TIM's Board of Directors resolved to grant a mandate to the

Chief Executive Officer to implement the activities necessary to carry out the debt transfer transaction by means of a series of exchange offers, concerning certain series of bonds issued by the TIM Group and maturing in 2026.

The completion of the transaction is expected in the summer of 2024, once the preliminary activities have been completed and a number of conditions precedent have been satisfied (completion of the transfer of the primary network, Antitrust authorization, authorization regarding distortive foreign subsidies); the transaction has already obtained the authorization required by the Golden Power rules, as per the press release issued on January 17, 2024.

When these activities are completed and the conditions precedent are fulfilled, NetCo will be classified as an Asset held for sale in accordance with IFRS 5.

Employee benefits

Provision for employee severance indemnity

Employee severance indemnity, mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, is deferred compensation based on the employee's years of service and on the compensation earned by the employee during the service period.

Under IAS 19 (Employee Benefits), the employee severance indemnity, so calculated, is considered a "Defined benefit plan" and the related liability to be recognized in the statement of financial position (Provision for employee severance indemnities) is determined by actuarial calculations.

The remeasurements of actuarial gains and losses are recognized in other components of the Consolidated Statements of Comprehensive income. Service cost of Italian companies that employ less than 50 employees, as well as interest expenses related to the "time value" component of the actuarial calculations (the latter classified as Finance expenses), are recognized in the separate consolidated income statement.

Starting from January 1, 2007, the Italian Law gave employees the choice to either allocate their accruing indemnity to supplementary pension funds or it as an obligation of the Company. Companies that employ at least 50 employees must transfer the employee severance indemnity to the "Treasury fund" managed by INPS, the Italian Social Security Institute. Consequently, the Group's obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19, of "Defined contribution plans".

Equity compensation plans

The companies of the Group provide additional benefits to certain managers of the Group through equity compensation plans (for example stock options and long-term incentive plans). The above plans are recognized in accordance with IFRS 2 (Share-Based Payment).

In accordance with IFRS 2, such plans represent a component of the beneficiaries' compensation. Therefore, for the plans that provide for compensation in equity instruments, the cost is represented by the fair value of such instruments at the grant date, and is recognized in the separate consolidated income statement in "Employee benefits expenses" over the period between the grant date and vesting date with a contra-entry to an equity reserve denominated "Other equity instruments". Changes in the fair value subsequent to the grant date do not affect the initial measurement. At the end of each year, adjustments are made to the estimate of the number of rights that will vest up to maturity. The impact of the change in estimate is recorded as an adjustment to "Other equity instruments" with a contra-entry to "Employee benefits expenses".

The portion of the plans that specifies the payment of compensation in cash is recognized in liabilities as a contra-entry to "Employee benefits expenses"; at the end of each year such liability is measured at fair value.

Provisions

The Group records provisions for risks and charges when, having a current legal or constructive obligation to a third party, as a result of a past event, an outflow of Group resources is likely to be required to meet that obligation, and when the amount of the obligation can be estimated reliably. Provisions for risks and charges also include those established in the event that the company should stipulate contracts that thereafter became onerous, the non-discretionary costs of which necessary to fulfill the commitments made, exceeding the economic benefits expected from such contracts.

If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash flows, taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognized in the separate consolidated income statement as "Finance expenses".

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and that the Group will satisfy all the conditions established for their granting by the government, government agencies and equivalent local, national or international entities.

Government grants are systematically recognized in the separate income statements over the periods in which the Group recognizes the expenses that the grants are intended to offset as costs.

Government grants related to assets received for the acquisition and/or construction of non-current tangible assets are recorded as deferred income in the statement of financial position and systematically credited to the separate income statements over the useful life of the systems the grants relate to.

Treasury shares

Treasury shares are recognized as a deduction from equity. In particular, the treasury shares are reported as a deduction from the share capital issued in the amount corresponding to the "accounting par value", that is the ratio of total share capital and the number of issued shares, while the excess cost of acquisition over the accounting par value is presented as a deduction from "Other reserves and retained earnings (accumulated losses), including profit (loss) for the year".

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the statement of financial position date. Exchange differences arising from the settlement of monetary items or from their conversion at rates different from those at which they were initially recorded during the year or at the end of the prior year are recognized in the separate consolidated income statement.

Revenues

Revenues are the gross inflows of economic benefits during the period arising in the course of the ordinary activities of an entity. Amounts collected on behalf of third parties, such as sales taxes, goods and services taxes and value added taxes, are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenues.

The process underlying the recognition of revenues follows the steps set out in IFRS 15:

- **identification of the contract**: takes place when the parties approve the contract (with commercial substance), and identify the respective rights and obligations: in other terms, the contract must be legally binding, the rights to receive goods and/or services and the terms of payment can be clearly identified, and the Group considers receipt of payment as probable;
- **identification of the performance obligations**: the main performance obligations identified, i.e. promises to transfer goods and services that are distinct, are services rendered (including voice and data traffic and ICT solutions) to retail customers, services rendered to wholesale customers, and sale of products;
- **determination of the transaction price**: this is the total amount contracted with the other party regarding the entire contractual term; the Group has determined that the contractual term is the one arising from the contractual obligations between the parties or, in lack of these obligations, it is by convention one month;
- **allocation of the transaction price to the performance obligations**: the allocation is made proportionately to the respective stand-alone selling prices calculated based on the list prices (if present) or estimated by applying an appropriate margin to the cost of purchase/production of the good/service.

  Revenues from activating the connectivity service are not a performance obligation; they are therefore allocated to the contractual performance obligations (typically to services).
  For offerings which include the sale of devices and service contracts (bundle offerings), the Group allocates the contractual transaction price to the performance obligations of the contract, proportionately to the stand-alone selling prices of the single performance obligations;
- **recognition of revenues**: revenues are stated net of discounts, allowances, and returns in connection with the characteristics of the type of revenue:
  - **Revenues from services rendered**

    Revenues from services rendered are recognized in the separate income statements according to the stage of completion of the service, that is based on actual consumption.
    Traffic revenues from interconnection and roaming are reported gross of the amounts due to other TLC operators.
    Revenues for delivering information or other content are recognized on the basis of the amount invoiced to the customer, when the service is rendered directly by the Group. In the event that the Group is acting as agent (for example, for non-geographic numbers) only the commission received from the content provider is recognized as revenue.
    Revenues from prepaid traffic are recorded on the basis of effective consumption. Deferred revenues for traffic already collected but not yet consumed are recorded in "Trade and miscellaneous payables and other current liabilities" in the consolidated statements of financial position.
    Revenues for services rendered are generally invoiced and collected bimonthly/monthly for retail customers while for wholesale customers, they are invoiced on a monthly basis and due 40 or 60 days after the date of issue, depending on whether they relate to the mobile component (40 days) or fixed component (60 days).

- **Revenues from sales**

  Revenues from sales (telephone products and others) are recognized upon delivery when control of the assets is transferred to the customers.

  The devices sold separately from the services are invoiced at the time of delivery; collection takes place on demand or based on installment plans (up to 48 monthly installments). The devices sold as part of bundle offerings are invoiced at the time of delivery and usually collected in 24, 30 or 48 monthly installments, depending on the type of offer and customer cluster. With specific reference to the mobile products (smartphones and tables) and certain types of fixed-line products sold to consumer customers, collection is made at the time of sale through the financial company TIMFin, which disburses the loan to the customer.

The recognition of revenues can generate the recognition of an asset or liability deriving from contracts. In particular:

- **Contract assets** are the right to a consideration in exchange for goods or services that have been transferred to the customer, when the right is conditioned on something other than the passage of time;
- **Contract liabilities** are the obligation to transfer goods or services to the customer for which the Group has received (or for which it is due) a consideration from the customer.

Contract costs (incremental costs of obtaining a contract and costs to fulfill a contract; mainly technical activation costs and costs for sales network commissions) are deferred and recognized through separate consolidated income statement depending on the expected term of the contractual relationship with the customers. The TIM Group avails of the practical expedient, permitted under IFRS 15, of recognizing the incremental costs of obtaining a contract in the consolidated income statement if the amortization period is one year or less.

The recoverability of contract assets and deferred costs is periodically assessed.

Research and advertising costs

Research and advertising costs are directly expensed to the separate consolidated income statement in the year in which they are incurred.

Finance income and expenses

Finance income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method; changes in the fair value of derivatives and other financial instruments measured at fair value through the income statement; gains and losses on foreign exchange and financial instruments (including derivatives).

Dividends

Dividends received from companies other than subsidiaries, associates and joint ventures are recognized in the separate consolidated income statement on an accrual basis, i.e. in the year in which they become receivable following the resolution by the shareholders' meeting for the distribution of dividends of the investee companies.

Dividends payable to third parties are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

Income tax expense (current and deferred)

Income tax expense includes all taxes calculated on the basis of the taxable income of the companies of the Group.

Current and deferred income tax expense is calculated using all the elements and information available at the reporting date, taking into account current laws and considering all the elements that could give rise to uncertainties in the determination of the amounts due to the tax authorities, as provided for in IFRIC 23.

Income tax expense is recognized in the separate consolidated income statement, except to the extent that they relate to items directly charged or credited to equity, in which case the related tax effect is recognized in the relevant equity reserves. The amount of the income tax expense relating to each item included as "Other components of the Consolidated Statements of Comprehensive income" is indicated in the Consolidated Statement of comprehensive income.

The provisions for taxes that could arise from the remittance of the undistributed earnings of subsidiaries are made only where there is the actual intention to remit such earnings.

Deferred tax liabilities/assets are recognized using the "Balance sheet liability method". They are calculated on all the temporary differences that arise between the taxable base of assets and liabilities and the related carrying amounts in the consolidated financial statements, except for differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future. Deferred tax assets relating to unused tax loss carryforwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax assets and liabilities are offset, separately for current and deferred taxes, when income tax expense is levied by the same tax authority and when there is a legally enforceable offsetting right. Tax assets and deferred tax liabilities are determined by adopting the tax rates expected to be applicable in the respective jurisdictions of the countries in which the Group companies operate, in the years in which those temporary differences are expected to be recovered or settled.

The other taxes not related to income are included in "Other operating expenses".

Earnings per share

Basic earnings per ordinary share is calculated by dividing the Group's profit attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year, and excluding treasury shares. Similarly, basic earnings per savings share is calculated by dividing the Group's profit attributable to savings shares by the weighted average number of savings shares outstanding during the year.

For diluted earnings per ordinary share, the weighted average number of shares outstanding during the year is adjusted by assuming the subscription of all the potential deriving shares - for example, by exercising rights on shares with dilutive effects. The Group profit is also adjusted to reflect the impact of these transactions net of the related tax effects.

Use of accounting estimates

The preparation of consolidated financial statements and related notes in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as on the amount of revenues and costs during the year. Actual results could differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most significant accounting estimates that involve a high level of subjective assumptions and judgments by directors are set out below.

Financial statements area	**Accounting estimates**
Goodwill impairment	The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate cash flows. The fair value net of disposal costs is based on the current value of forecast cash flow, calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for the extrapolation. The estimate of expected cash flows took into account the risks arising from climate change (as explained in the section 'Main Risks and Uncertainties - Risks Related to Key Sustainability Issues' in the Report on Operations), which at present do not have a significant impact on the Group's business model. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are detailed in the Note "Goodwill".
Impairment of tangible and intangible assets with finite useful lives and rights of use assets	At the end of each reporting period, the Group assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use – has been impaired. Both internal and external sources of information are used for this purpose. Identifying the impairment indicators, estimating future cash flows and calculating the fair value of each asset requires the Management to make significant estimates and assumptions in calculating the discount rate to be used, and the useful life and residual value of the assets. The estimate of expected cash flows took into account the risks arising from climate change (as explained in the section 'Main Risks and Uncertainties - Risks Related to Key Sustainability Issues' in the Report on Operations), which at present do not have a significant impact on the Group's business model. These estimates can have a significant impact on the fair value of the assets and on the amount of any impairment write-down.
Business combinations	The recognition of business combinations requires that assets and liabilities of the acquiree be recorded at their fair value at the control acquisition date, as well as the possible recognition of goodwill. These values are determined through a complex estimation process.
Lease liabilities and rights of use assets	The value of lease liabilities and corresponding rights of use is determined by calculating the present value of the lease payments, also bearing in mind whether the renewal of the lease is reasonably certain.
Capitalization/deferment of costs	The capitalization/deferment of internal and external costs is a process that entails elements of estimation and valuation. Specifically, it involves the valuation of: i) the likelihood that capitalized costs will be recovered through correlated future revenues; and ii) the effective increase in the future economic benefits embodied in the related asset.
Provision for bad debts	Impairment on trade receivables and on contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions.

Depreciation and amortization	Changes in the economic conditions of the markets, technology and competitive forces could significantly affect the estimated useful lives of tangible and intangible non-current assets and may lead to a difference in the timing, and thus on the amount of depreciation and amortization expense.
Provisions, contingent liabilities and employee benefits	As regards the provisions for restoration costs, the estimate of future costs to dismantle tangible assets and restore the site is a complex process that requires the valuation of the liabilities arising from such dismantling and restoration obligations, which seldom are entirely defined by laws, administrative regulations or contract clauses, and which normally are to be complied with after an interval of several years. The provisions related to legal, arbitration and fiscal disputes, as well as regulatory proceedings, are the result of a complex estimation process based upon the probability of an unfavorable outcome. Provisions for employee benefits, especially the provision for employee severance indemnities, are calculated using actuarial assumptions; changes in such assumptions could have a material impact on such liabilities. Provisions made for contractual risks are also related to any contracts that may have become onerous and are based on an articulated estimation process that envisages the valuation of the comprehensive negative margins of the entire contract; they therefore include the non-discretionary costs necessary to fulfill the commitments made that exceed the economic benefits expected from such contracts.
Revenues	The recognition of revenues is influenced by estimates of the amount of discounts, rebates and returns to be reported as a direct adjustment to revenues, as well as the methods for defining individual product or service stand-alone selling prices and for determining the duration of the contract when there are renewal options.
Contract costs (IFRS 15)	The recognition of the costs of obtaining and fulfilling contracts is influenced by the estimated expected duration of the relationship with the customer, calculated on the basis of the historical turnover indexes and future estimates. However, this estimate is subject to fluctuations and could only represent customers' future behavior in a limited way, especially if there are new commercial offers or changes in the competitive environment.
Income tax expense (current and deferred)	Income tax expense (current and deferred) are calculated in each country in which the Group operates according to a prudent interpretation of the applicable tax laws. This process sometimes involves complex estimates to determine taxable income and deductible and taxable temporary differences between the carrying amounts and the taxable amounts. In particular, deferred tax assets are recognized to the extent that future taxable income will be available against which they can be recovered. The measurement of the recoverability of deferred tax assets, recognized based on both unused tax loss carry-forwards to future years and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.
Derivative instruments and equity instruments	The fair value of derivative instruments and equity instruments is determined both using valuation models which also take into account subjective measurements such as, for example, cash flow estimates, expected volatility of prices, etc., and on the basis of prices existing in regulated markets or quotations provided by financial counterparties. For further details refer to the Note "Supplementary disclosures on financial instruments".

As per IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) paragraph 10, in the absence of a standard or interpretation that specifically applies to a transaction, the Management shall use its judgment in developing and applying an accounting policy that results in consolidated financial statements that represent faithfully the financial position, financial performance and cash flows of the Group, reflect the economic substance of transactions, and are neutral, prudential and complete in all material aspects.

New standards and interpretations endorsed by the EU and in force from January 1, 2023

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the following is a brief description of the IFRS in force commencing as of January 1, 2023.

Amendments to IFRS 17 - Insurance contracts: initial application of IFRS 17 and IFRS 9 – Comparative information

On September 8, 2022, Regulation (EU) 2022/1491 was issued, incorporating certain amendments relating to the presentation of comparative information about financial assets upon initial application of IFRS 17 *Insurance Contracts*.

The amendment allows for a transition option enabling entities to apply an optional classification overlay in the comparative period(s) presented upon the initial application of IFRS 17. The overlay allows all financial assets, including those held with respect to assets not related to contracts within the scope of IFRS 17, to be classified instrument by instrument in the comparative period(s) in such a way as to align with how the entity expects those assets to be classified upon the initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

IFRS 17, which implements the amendment, came into force for financial years beginning on or after January 1, 2023.

The adoption of these amendments had no effect on the consolidated financial statements at December 31, 2023.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On March 2, 2022, Regulation (EU) 2022/357 was issued, incorporating certain amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, in which it introduces a new definition of "accounting estimates".

In the amended standard, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendments clarify what constitutes changes in accounting estimates and how these differ from changes in accounting policies and corrections of errors.

The changes came into effect for financial years starting on or after January 1, 2023.

The adoption of these amendments had no effect on the consolidated financial statements at December 31, 2023.

Amendments to IAS 12 *Income Taxes*: Deferred tax related to assets and liabilities arising from a single transaction

On August 11, 2022, Regulation (EU) 2022/1392 was issued, incorporating certain amendments to IAS 12 *Income Taxes*.

The amendments clarify how companies are to account for deferred taxes on leases and decommissioning/restoration costs.

IAS 12 specifies how companies are to account for income taxes, including deferred taxes, which are the amounts of taxes payable or recoverable in the future.

These amendments require entities to recognise deferred taxes on certain transactions (such as leases and decommissioning and restoration charges) that give rise to taxable and deductible temporary differences of the same amount at the time of initial recognition.

IAS 12 provides that, under certain circumstances, companies are exempt from reporting deferred taxes when they recognise assets or liabilities for the first time.

The IASB has issued these limited amendments on account of the uncertainty arising through the fact that the exemption applies to leases and decommissioning/restoration obligations.

These amendments mean that the exemption granted in the principle will not now apply to leases and decommissioning/restoration obligations, with companies now required to recognise deferred tax assets and liabilities in these areas.

The changes came into effect on January 1, 2023.

The adoption of these amendments had no effect on the consolidated financial statements at December 31, 2023.

Amendments to IAS 1 - Presentation of Financial Statements

On March 2, 2022, Regulation (EU) 2022/357 was issued, incorporating certain amendments to IAS 1 *Presentation of Financial Statements* in which guidelines and examples are provided to help entities carry out materiality assessments for the purposes of disclosing accounting policies.

The IASB has also issued amendments to "IFRS Practice Statement 2 - Making Materiality Judgements (the PS)" to support the amendments to IAS 1, which explain and demonstrate how the "4 step materiality process" applies to disclosures of accounting policies.

In particular, the amendments aim to help entities provide more useful disclosures of accounting policies by:

- replacing the requirement for entities to disclose their "significant" accounting policies with the provision to disclose their "material" accounting policies; and
- adding guidance on how entities should apply the concept of "materiality" when deciding how to disclose their accounting policies.

The changes came into effect for financial years starting on or after January 1, 2023.

The adoption of these amendments had no effect on the consolidated financial statements at December 31, 2023.

Amendments to IAS 12 Income taxes: International Tax Reform - 'Pillar Two Model' Rules

On November 8, 2023, Regulation (EU) 2023/2468 was issued, incorporating certain amendments to IAS 12 *Income Taxes*: International Tax Reform - 'Pillar Two Model' rules. The amendments introduce:

- a temporary exception from the obligation to account for deferred taxes arising from the implementation of the pillar two model rules; and
- targeted disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The amendments clarify that IAS 12 applies to income taxes arising from tax legislation implementing the OECD's Pillar Two model rules, which address the tax issues arising from the digitalization of the global economy (Base Erosion and Profit Shifting - BEPS). These rules apply to multinational enterprises (MNEs) with consolidated annual revenues of more than 750 million euros). The tax legislation in question and the income taxes resulting from it are referred to as "Pillar Two legislation" and "Pillar Two income taxes" respectively. The amendments introduce a mandatory exception to IAS 12 when it comes to recognising and disclosing deferred Pillar Two income tax assets and liabilities.

This temporary exception exempts entities from accounting for deferred tax under the new and complex Pillar Two tax legislation, giving affected parties time to assess the implications.

The temporary exception to recognising and disclosing deferred taxes and the obligation to disclose that this exception is being used applies immediately and retroactively with respect to the issue date of the amendments.

The disclosure of the current Pillar Two income tax liability and disclosures relating to periods before the entry into force of the legislation is required for tax years that began on or after January 1, 2023, but is not required for interim periods ending on or before December 31, 2023.

The TIM Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities, therefore, the adoption of these changes had no impact on the consolidated financial statements as at December 31, 2023.

New Standards and Interpretations issued by IASB but not yet applicable

At the date of preparation of these consolidated financial statements, the IASB had issued the following new Standards and Interpretations which have not yet come into force:

	Mandatory application starting from
New Standards and Interpretations not yet endorsed by the EU	
Amendments to IAS 7: Statements of Cash Flows and IFRS 7 Financial instruments: Supplementary disclosures	1/1/2024
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	1/1/2025
New Standards and Interpretations endorsed by the EU	
Amendments to IAS 1 *Presentation of Financial Statements*: non-current liabilities with covenants	1/1/2024
Amendments to IAS 1 *Presentation of Financial Statements*: classification of liabilities as current or non-current	1/1/2024
Amendments to IFRS 16: Lease liabilities in a sale and lease-back	1/1/2024

Any impacts on the Group's consolidated financial statements resulting from the application of these new Standards/Interpretations are currently being assessed; However, it is considered that they are not significant with respect to financial and economic results.

NOTE 3
SCOPE OF CONSOLIDATION

Investments in consolidated subsidiaries

Composition of the Group

TIM holds a majority of the voting rights in all the subsidiaries included in the scope of consolidation.
A complete list of consolidated subsidiaries is provided in Note 46 "List of companies of the TIM Group".

Scope of consolidation

The changes in the scope of consolidation at December 31, 2023 compared to December 31, 2022 are listed below.

Entry/exit/merger of subsidiaries into/out of the scope of consolidation:

Company		Business Unit	Month
Entry:			
TS-WAY S.r.l.	New acquisition	Domestic	April 2023
Exit:			
NOOVLE SLOVAKIA S.R.O.	Liquidated	Domestic	March 2023
TIM SERVIZI DIGITALI S.p.A.	Sold	Domestic	August 2023
TIESSE S.c.p.A.	Liquidated	Domestic	October 2023
TIAUDIT COMPLIANCE LATAM S.A.	Liquidated	Other Operations	October 2023
Mergers:			
COZANI RJ INFRAESTRUTURA E REDE DE TELECOMUNICAÇÕES S.A.	Merged into TIM S.A.	Brazil	April 2023

The breakdown by number of subsidiaries, associates and joint ventures of the TIM Group is as follows:

	12.31.2023		
Companies:	**Italy**	**Outside Italy**	**Total**
subsidiaries consolidated line-by-line	19	43	62
joint ventures accounted for using the equity method	2	—	2
associates accounted for using the equity method	11	1	12
Total companies	**32**	**44**	**76**

	12.31.2022		
Companies:	**Italy**	**Outside Italy**	**Total**
subsidiaries consolidated line-by-line	20	46	66
joint ventures accounted for using the equity method	2	—	2
associates accounted for using the equity method	12	1	13
Total companies	**34**	**47**	**81**

Further details are provided in the Note "List of companies of the TIM Group".

Subsidiaries with a significant non-controlling interest

At December 31, 2023, the TIM Group held investments in subsidiaries, with significant non-controlling interest, in relation to the companies FiberCop S.p.A. and the TIM Brasil group.

The figures provided below, stated before the netting and elimination of intragroup accounts, comply with IFRS and reflect adjustments made at the acquisition date to align the assets and liabilities acquired to their fair value.

FiberCop S.p.A. - Domestic Business Unit

Non-controlling interest accounted at December 31, 2022 for 42.0% of the capital of FiberCop S.p.A., coinciding with the corresponding voting rights.

FiberCop S.p.A. - financial position data

(million euros)	12.31.2023	12.31.2022
Non-current assets	9,991	9,187
Current assets	707	515
Total Assets	**10,698**	**9,702**
Non-current liabilities	3,942	3,376
Current liabilities	966	800
Total Liabilities	**4,908**	**4,176**
Equity	**5,790**	**5,526**
of which Non-Controlling Interests	*2,432*	*2,321*

FiberCop S.p.A. - income data

(million euros)	2023	2022
Revenues	1,451	1,344
Profit (loss) for the year	**409**	**458**
of which Non-Controlling Interests	*172*	*192*

FiberCop S.p.A. - financial data

Aggregate cash flows generated in 2023 was positive for 92 million euros (in 2022: -37 million euros).

TIM Brasil group – Brazil Business Unit

Non-controlling interest accounted at December 31, 2023 for 33.4% of the capital of TIM S.A., coinciding with the corresponding voting rights.

Financial position data TIM Brasil group

(million euros)	12.31.2023	12.31.2022
Non-current assets	8,596	8,649
Current assets	2,238	1,925
Total Assets	**10,834**	**10,574**
Non-current liabilities	3,832	3,157
Current liabilities	2,565	2,420
Total Liabilities	**6,397**	**5,577**
Equity	**4,437**	**4,997**
of which Non-Controlling Interests	*1,646*	*1,545*

Income statement data TIM Brasil group

(million euros)	2023	2022
Revenues	4,412	3,963
Profit (loss) for the year	**448**	**289**
of which Non-Controlling Interests	*175*	*102*

Financial data of the TIM Brasil group

Aggregate cash flows generated in 2023 amounted to +167 million euros, with a positive exchange rate effect of 20 million euros.

In 2022, this was negative for 369 million euros, with a negative exchange rate difference of 45 million euros.

Finally, with regard to the subsidiaries with significant minority interests, in line with the information provided in the Report on Operations - "Main risks and uncertainties" section, the main risk factors that could lead, even significantly, to restrictions on the operations of the TIM Brasil group are listed below:

- Strategic risks (risks related to macroeconomic and political factors, as well as risks associated with foreign exchange restrictions and competition);
- Operational risks (risks related to business continuity and development of the fixed and mobile networks, as well as risks related to disputes and litigation);
- Financial risks;
- Regulatory and Compliance risks.

NOTE 4
BUSINESS COMBINATIONS

Acquisition of control of TS-Way S.r.l.

On April 20, 2023, Telsy S.p.A. (TIM Group's Italian subsidiary engaged in cybersecurity) acquired 100% of the share capital of TS-Way S.r.l., an Italian company specialising in cyber threat intelligence.

The business combination was recognized in the accounts as follows:

- a consideration of 29 million euros;
- all Assets acquired and Liabilities undertaken of the acquired company were measured for recognition at fair value;
- in addition to the value of the Assets acquired and Liabilities undertaken, Goodwill equal to 19 million euros was recognized, determined as follows:

(million euros)		Values at fair value
Valuation of the consideration	**(a)**	**29**
Value of assets acquired	**(b)**	15
Value of liabilities assumed	**(c)**	(5)
Goodwill	**(a–b-c)**	**19**

TS-Way S.r.l. – values at acquisition date

(million euros)		Present values at fair value	Carrying amounts
Goodwill		19	—
Other non-current assets		11	—
Current assets		4	4
of which Cash and cash equivalents		*1*	*1*
Total assets	**(a)**	**34**	**4**
Total non-current liabilities		3	—
of which Non-current financial liabilities		—	—
Total current liabilities		2	2
of which Current financial liabilities		—	—
Total liabilities	**(b)**	**5**	**2**
Net assets	**(a-b)**	**29**	**2**

It should also be noted that, if the acquisition of TS-Way S.r.l. had been completed by January 1, 2023, TIM Group's consolidated financial statements for the year ending December 31, 2023 would not have material impacted revenues or the net income for the year attributable to owners of the Parent.

NOTE 5
GOODWILL

Goodwill shows the following breakdown and changes for 2022 and 2023:

(million euros)	12.31.2021	Increase	Decrease	Impairments	Exchange differences	12.31.2022
Domestic	**18,124**	10				**18,134**
Brazil	**444**	502			31	**977**
Other Operations	—					—
Total	**18,568**	**512**	**—**	**—**	**31**	**19,111**

(million euros)	12.31.2022	Increase	Decrease	Impairments	Exchange differences	12.31.2023
Domestic	**18,134**	19				**18,153**
Brazil	**977**				40	**1,017**
Other Operations	—					—
Total	**19,111**	**19**	**—**	**—**	**40**	**19,170**

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's consolidated financial statements.

In 2023, Goodwill increased by 59 million euros, from 19,111 million euros at the end of 2022 to 19,170 million euros at December 31, 2022.

In particular:

- the goodwill of the Domestic Cash Generating Unit increased by 19 million euros, almost entirely attributable to the acquisition of control of TS-Way S.r.l.. For further details, please refer to Note 4 "Business combinations";
- the goodwill of the Brazil Cash Generating Unit recorded positive exchange differences of 40 million euros (the point exchange rate used for the conversion of the Brazilian real into euro (expressed in terms of units of local currency per €1) increased from 5.56520 at December 31, 2022 to 5.34964 at December 31, 2023).

The gross carrying amounts of Goodwill and the related accumulated impairment losses from January 1, 2004 (date of allocation to the Cash-Generating Units – CGUs) to December 31, 2023 and 2022 can be summarized as follows:

	12.31.2023			12.31.2022		
(million euros)	**Gross carrying amount**	**Accumulated impairment losses**	**Net carrying amount**	**Gross carrying amount**	**Accumulated impairment losses**	**Net carrying amount**
Domestic	38,718	(20,565)	**18,153**	38,699	(20,565)	**18,134**
Brazil	1,189	(172)	**1,017**	1,143	(166)	**977**
Other Operations	—	—	**—**	—	—	**—**
Total	**39,907**	**(20,737)**	**19,170**	**39,842**	**(20,731)**	**19,111**

The figures for the Brazil CGU are stated in euros, converted at the spot exchange rate at the closing date of the financial statements; the net carrying amount of goodwill for the CGU corresponds to 5,439 million reais at December 31, 2023 (5,439 million reais at December 31, 2022).

The impairment test was carried out on two levels. At a first level, the recoverable amount of the assets attributed to the individual CGUs to which goodwill is allocated was estimated; at a second level, considering the Group's activities as a whole.

The cash generating units (or groups of units) to which goodwill is allocated are as follows:

Segment	**Cash-Generating Units (or groups of units)**
Domestic	Domestic
Brazil	Brazil

According to the applicable accounting rules, the "recoverable value" of the CGUs was equal to the higher of "fair value net of disposal costs" and "value in use".

The Domestic CGU operated in 2023 as a single unit, in 2024 the so-called 'NetCo perimeter' (Primary Network - TIM business unit, Secondary Network - Fibercop company perimeter, Telenergia) is expected to be separated, for which the TIM Board of Directors has accepted a binding price proposal (representing the fair value of the perimeter to be sold). The timing of the closing is subject to the necessary authorisation paths (Golden Power authorisation (received in January 2024) and Antitrust authorisation (in progress)) and the implementation and completion of Process and Systems Separation activities.

Therefore, the value configuration used to determine the recoverable value as at December 31, 2023 of the Domestic CGU is the Fair Value estimated on the basis of a valuation obtained by the sum of parts between the NetCo subCGU and the subCGU of the remaining perimeter of the Domestic CGU (the so-called ServiceCo perimeter).
As an estimate of NetCo's recoverable value, the present value (as of December 31, 2023) of the price implicit in the binding offer (price proposal referring to the date of June 30, 2024) by an independent party (KKR) was assumed, and any form of earn-out was excluded from the price.
Instead, the fair value based on the income approach was taken as the estimate of ServiceCo's recoverable value, as it was deemed to better express the value of the Group's assets (so-called market participant perspective), also reflecting the cost interventions in view of a possible future new and different business structure.
For the Brazil CGU, the value configuration used is the fair value on the basis of market capitalization at the end of the period.

The values are expressed in local currency, and hence in EUR for the Domestic CGUs and BRL for the Brazil CGU. For the Brazil CGU, the recoverable amount of the assets was denominated in the functional currency and subsequently translated at the spot exchange rate at the reporting date.

For the ServiceCo subCGU, the estimate of fair value on the basis of the income approach was made in compliance with IAS 36, with valuation principles and best practices, with reference to the flows of the 2024-2026 Industrial Plan, which is based on the final results of 2023: (i) it reflects realistic expectations regarding future evolutions; (ii) it brings into play careful cost cutting actions as preparation for the future business structure; (iii) it maintains the perspective of use of assets of the domestic market continuing on with the same conditions as at December 31, 2023. The expected cash flows reported in the 2024-2026 Industrial Plan approved by the Board of Directors have been critically analysed and, with the support of expert appraisers and industry experts, the average representativeness has been assessed. Expected average cash flows for the 2024-2026 Industrial Plan were extrapolated for an additional two years (2027-2028), thus bringing the explicit forecast period for future cash flows to a total of five years (2024-2028). The extrapolation of data for 2027-2028 was necessary, in line with that carried out by the main European incumbents, in order to intercept market, competition and industrial trends that will become manifest beyond the forecast horizon of the Industrial Plan. It is specified that where inputs are present that cannot be observed, the fair value thus determined is assigned as level 3 of the fair value hierarchy, as envisaged by IFRS 13 - Fair value measurement.

The estimation of the fair value according to the income approach requires the determination of the current value of income beyond the explicit forecast period ("terminal value"). To this end, the sustainable long-term cash flow was assumed to be the extrapolation of the estimated cash flow at 2028, adjusted as necessary to take into consideration a suitable level of long-term capital expenditure, normalized by the effects tied to the development of innovative technology projects in place during the plan years. Furthermore, with specific reference to the incremental share of the value deriving from 5G license use and therefore from the development of new and innovative business areas, a measurement model has been adopted that takes into account the net incremental flows for a defined period of time which is based on the duration of the license. This approach is consistent with the need to include in the configuration of value, on one hand the outflows deriving from the capex to support its development (as per the Industrial Plan), and on the other the positive net flows from the incremental business component of the license acquisition that will develop over a broad period of time and over the five years of explicit forecast.

The cost of capital used to discount projected cash flows in fair value estimates for the ServiceCo subCGU:

- was estimated using the Capital Asset Pricing Model (CAPM), which is one of the generally accepted application criteria referred to in IAS 36;
- reflects current market estimates of the time value of money and the specific risks associated with the asset groups; includes appropriate yield premiums for country risk;
- was calculated using comparative market parameters to estimate the "Beta coefficient" and the weighting coefficient of the equity and debt capital components.

These are reported below for the Domestic subCGU:

- the weighted average cost of capital (WACC rate) used to discount the future cash flows and the equivalent rate before tax;
- details are also provided of the growth rate used to estimate the residual value after the explicit forecast period (the G-Rate), expressed in nominal terms and related to the cash flows in their functional currency;
- details are provided of the implicit capitalization rates resulting from the difference between the cost of capital, after tax, and the G-Rate.

Principal parameters for the estimates of fair value

	Domestic (ServiceCo)
WACC	6.84 %
WACC before tax	8.90 %
Growth rate beyond the explicit period (g)	0.83 %
Capitalization rate after tax (WACC-g)	6.01 %
Capitalization rate before tax (WACC-g)	8.07 %
Capex/Revenues, perpetual	11.90 %

The growth rate in the terminal value "g" of the ServiceCo subCGU was estimated taking into account the expected evolution of demand for the various business areas, overseen in terms of investments and competences also by the subsidiary Noovle. The growth rate thus estimated falls within the range of growth rates applied by analysts who monitor TIM shares.

The phase of capital expenditure, competitive positioning and the technological infrastructure operated was taken into account in estimating the level of investment needed to sustain the perpetual development of cash flows after the explicit forecast period.

The recoverable amount of the Domestic cash generating unit, determined on the basis of the Fair Value estimated on the basis of the sum of the parts, showed headroom of 2,107 million euros.

The difference between the recoverable amounts and the net carrying amounts of the CGUs considered totaled:

(million euros)	**Domestic**	**Brazil**
Difference between recoverable and net carrying amounts	+2,107	+3,484

Therefore, in light of all the foregoing, in FY 2023, the Goodwill values recognized in the financial statements relating to the Domestic CGU (positive difference of +2,107 million euros) and the Brazil CGU (positive difference of +3,484 million euros) are confirmed.

In detail, in accordance with IAS 36, the sensitivity analysis has been performed aiming to identify the change in key variables (WACC, margins as seen by the ratio of gross operating margin and revenues, growth rate of income in terminal value), which makes the recoverable amount of the Domestic CGU equal to the carrying amount. This analysis is relevant for the subCGU ServiceCo, given the valuation of the Domestic CGU by sum of parts obtained on the basis of the value of the subCGU ServiceCo through an income approach and the valuation of NetCo implied in the value of the binding offer by KKR. The analysis shows that:

- an increase in costs such as to lower the margins of ServiceCo (= gross operating margin/revenues) of 1.64%;
- or a 0.72% rise in the WACC (at the value of 7.56%); or
- a growth rate of income in terminal value of -0.16%;
- would align the recoverable amount with the carrying amount.

With regard to the Brazilian CGU, the change in the price per share, compared to the reference quotation considered for the purposes of the financial statements, which would make the recoverable value equal to the carrying amount is equal to -43.04%.

The second level impairment test revealed a recoverable amount that exceeded the book value of the Group's business as a whole, thereby not showing any need for impairment.

NOTE 6

INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The item decreased by 534 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Capitalized borrowing costs	Other changes	12.31.2022
Industrial patents and intellectual property rights	**1,933**	731	(1,069)		(1)	53		338	**1,985**
Concessions, licenses, trademarks and similar rights	**3,376**	85	(442)		(1)	70		1,555	**4,643**
Other intangible assets	**3**	2	(6)			(2)		48	**45**
Work in progress and advance payments	**1,835**	310				54	48	(1,264)	**983**
Total	**7,147**	**1,128**	**(1,517)**	**—**	**(2)**	**175**	**48**	**677**	**7,656**

(million euros)	12.31.2022	Investments	Depreciation and amortization	Impairment (losses)/ Reversals	Disposals	Exchange differences	Capitalized borrowing costs	Other changes	12.31.2023
Industrial patents and intellectual property rights	**1,985**	659	(1,045)		(1)	18		294	**1,910**
Concessions, licenses, trademarks and similar rights	**4,643**	8	(485)			57		539	**4,762**
Other intangible assets	**45**	3	(10)			2		11	**51**
Work in progress and advance payments	**983**	242			(1)	16	18	(859)	**399**
Total	**7,656**	**912**	**(1,540)**	**—**	**(2)**	**93**	**18**	**(15)**	**7,122**

Investments in 2023 amounted to 912 million euros (1,128 million euros in 2022) and included 230 million euros in internally generated assets (244 million euros in 2022); further details are provided in Note 31 "Internally generated assets".

Industrial patents and intellectual property rights at December 31, 2023, essentially consist of the plant operation and application software purchased outright and user license, amortized over a period between 2 and 6 years and relating mainly to TIM S.p.A. (1,254 million euros), the Brazil Business Unit (445 million euros) and Noovle S.p.A. (117 million euros).

Concessions, licenses, trademarks and similar rights at December 31, 2023 mainly refer to the residual cost of telephone licenses and similar rights (3,004 million euros for TIM S.p.A. and 1,705 million euros for the Brazil Business Unit). During the 2023 financial year, in particular, the rights of use of the 3.5 GHz (5G) frequencies of the Brazil Business Unit were transferred to exercise and the rights of use of the 28 GHz band of the Parent Company TIM S.p.A. were extended until December 31, 2029.

The residual amount of telephone licenses and similar rights in operation at December 31, 2023 (4,709 million euros) and their useful lives are detailed below:

Type	Residual value at 12.31.2023 (million euros)	Useful life (years)	Maturity	Amortization expense for the year 2023 (million euros)
TIM S.p.A.:				
UMTS 2100 MHz (extension)	180	8	12.31.2029	30
WiMax (extension)	4	7	12.31.2029	1
34-36-MHz OpNet (former Linkem) band	53	7	12.31.2029	9
LTE 1800 MHz	51	18	12.31.2029	9
LTE 800 MHz	360	17	12.31.2029	60
LTE 2600 MHz	40	17	12.31.2029	7
L Band (1452-1492 MHz)	99	14	12.31.2029	16
900 and 1800 MHz band	329	11	12.31.2029	55
3600-3800 MHz band (5G)	1,242	19	12.31.2037	89
26.5-27.5 GHz band (5G)	24	19	12.31.2037	2
694-790 MHz band (5G)	614	15 years and 6 months	12.31.2037	44
28 GHz band (Extension)	8	7	12.31.2029	1
TIM Brasil group:				
800 MHz, 900 MHz and 1800 MHz band	345	From 2 to 20	From 2025 to 2039	31
1900 MHz and 2100 MHz band	101	From 2 to 20	From 2025 to 2039	9
700 MHz, 2500 MHz and 2.5 GHz band (4G)	550	From 2 to 20	From 2024 to 2039	82
2.3 GHz, 3.5 GHz, and 26 GHz band (5G)	709	From 10 to 20	From 2030 to 2041	33

Work in progress and advance payments mainly relate to the Parent Company TIM S.p.A. (318 million euros) and the Brazil Business Unit (38 million euros) and refer mainly to software developments. The reduction in 2023 is mainly related to operating revenues, including the rights of use of the 3.5 GHz (5G) frequencies of the Brazil Business Unit (530 million euros). For the latter, since the period of time required for the assets to be ready for use was more than 12 months, the related financial charges of 18 million euros were capitalised during 2023. Capitalised financial charges were directly reduced to the income statement item "Financial charges".

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2023 and December 31, 2022 can be summarized as follows:

(million euros)	12.31.2022 Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	12,847	—	(10,862)	1,985
Concessions, licenses, trademarks and similar rights	7,784	—	(3,141)	4,643
Other intangible assets	563	—	(518)	45
Work in progress and advance payments	983	—	—	983
Total intangible assets with a finite useful life	**22,177**	**—**	**(14,521)**	**7,656**

(million euros)	12.31.2023 Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	13,932	—	(12,022)	1,910
Concessions, licenses, trademarks and similar rights	8,454	—	(3,692)	4,762
Other intangible assets	596	—	(545)	51
Work in progress and advance payments	399	—	—	399
Total intangible assets with a finite useful life	**23,381**	**—**	**(16,259)**	**7,122**

With reference to gross values, in 2023 the Parent Company TIM S.p.A. made disposals of 29 million euros relating to intellectual property rights that were almost fully depreciated, including systems and software developments relating to the TIMMusic platform, which ceased in June 2023 (19 million euros) and abandoned or expired patents (8 million euros).

NOTE 7
TANGIBLE ASSETS

Property, plant and equipment owned

This item increased by 592 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Other changes	12.31.2022
Land	**232**				(1)	1		**232**
Buildings (civil and industrial)	**597**	34	(37)			1	56	**651**
Plant and equipment	**11,254**	2,198	(2,145)		(28)	202	521	**12,002**
Manufacturing and distribution equipment	**19**	7	(8)				2	**20**
Other	**367**	105	(158)		(1)	13	36	**362**
Construction in progress and advance payments	**842**	484			(3)	11	(501)	**833**
Total	**13,311**	**2,828**	**(2,348)**	**—**	**(33)**	**228**	**114**	**14,100**

(million euros)	12.31.2022	Investments	Depreciation and amortization	Impairment (losses)/ Reversals	Disposals	Exchange differences	Other changes	12.31.2023
Land	**232**				(4)		1	**229**
Buildings (civil and industrial)	**651**	19	(37)		(4)		24	**653**
Plant and equipment	**12,002**	2,081	(2,162)		(25)	76	438	**12,410**
Manufacturing and distribution equipment	**20**	8	(7)				(1)	**20**
Other	**362**	100	(155)		(1)	5	18	**329**
Construction in progress and advance payments	**833**	733			(1)	3	(517)	**1,051**
Total	**14,100**	**2,941**	**(2,361)**	**—**	**(35)**	**84**	**(37)**	**14,692**

Land comprises both built-up land and available land and is not subject to depreciation. The balance at December 31, 2023 mainly refers to TIM S.p.A. (184 million euros) and to Noovle S.p.A. (33 million euros).

Buildings (civil and industrial) mainly includes buildings for industrial use hosting telephone exchanges, or for office use and light constructions. The balance at December 31, 2023 mainly refers to TIM S.p.A. (407 million euros) and to Noovle S.p.A. (216 million euros).

Plant and machinery includes the technological infrastructure used for the provision of telecommunications services (transport and distribution of voice/data traffic). The balance at December 31, 2023 is mainly attributable to TIM S.p.A. (5,276 million euros), to FiberCop S.p.A. (4,595 million euros), the Brazil Business Unit (2,114 million euros), the Telecom Italia Sparkle Group (259 million euros) and Noovle S.p.A. (162 million euros).

Manufacturing and distribution equipment consists of instruments and equipment used for the operation and maintenance of plant and equipment and refers mainly to TIM S.p.A..

Other mainly consists of hardware for the functioning of the network and for work stations, furniture and fixtures and, to a minimal extent, transport vehicles and office machines.

Construction in progress and advance payments refer to the internal and external costs incurred for the acquisition and internal production of tangible assets, which are not yet in use.

Investments in 2023 include 308 million euros of internally generated assets (315 million euros in 2022); further details are provided in Note 31 "Internally generated assets".

Depreciation, impairment losses and reversals have been recorded in the income statement as components of EBIT.

Depreciation for the years 2023 and 2022 was calculated on a straight-line basis over the estimated useful lives of the assets according to the following minimum and maximum rates:

Buildings (civil and industrial)	2% - 20%
Plant and equipment	3% - 50%
Manufacturing and distribution equipment	15% - 20%
Other	10% - 50%

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2023 and December 31, 2022 can be summarized as follows:

(million euros)	12.31.2022			
	Gross carrying amount	**Accumulated impairment losses**	**Accumulated amortization**	**Net carrying amount**
Land	235	(3)		232
Buildings (civil and industrial)	2,051	—	(1,400)	651
Plant and equipment	73,824	(12)	(61,810)	12,002
Manufacturing and distribution equipment	338	(1)	(317)	20
Other	3,725	(2)	(3,361)	362
Construction in progress and advance payments	834	(1)		833
Total	**81,007**	**(19)**	**(66,888)**	**14,100**

(million euros)	12.31.2023			
	Gross carrying amount	**Accumulated impairment losses**	**Accumulated amortization**	**Net carrying amount**
Land	232	(3)		229
Buildings (civil and industrial)	2,053	—	(1,400)	653
Plant and equipment	76,271	(12)	(63,849)	12,410
Manufacturing and distribution equipment	346	(1)	(325)	20
Other	3,873	(2)	(3,542)	329
Construction in progress and advance payments	1,052	(1)		1,051
Total	**83,827**	**(19)**	**(69,116)**	**14,692**

With regard to the gross amounts, in 2023 the parent company TIM S.p.A. made disposals for a total value of 341 million euros, mainly in relation to fully depreciated assets, including: network transmission plants and equipment (95 million euros), land, buildings and light constructions (46 million euros), GSM SRB-DCS equipment (45 million euros), fiber optic access (40 million euros), rented terminals (27 million euros).

NOTE 8
RIGHTS OF USE ASSETS

This item increased by 27 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Increases in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other changes	12.31.2022
Property	**2,848**	35	347	(398)	(4)	35	104	**2,967**
Plant and equipment	**1,847**	53	462	(474)	(2)	108	376	**2,370**
Other tangible assets	**119**		23	(38)	(3)		1	**102**
Construction in progress and advance payments	**30**	25					(20)	**35**
Intangible assets	**3**	8		(2)			5	**14**
Total	**4,847**	**121**	**832**	**(912)**	**(9)**	**143**	**466**	**5,488**

(million euros)	12.31.2022	Investments	Increases in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other changes	12.31.2023
Property	**2,967**	27	711	(440)	(80)	22	(40)	**3,167**
Plant and equipment	**2,370**	68	348	(483)	(79)	55	(63)	**2,216**
Other tangible assets	**102**		21	(35)	(3)		(12)	**73**
Construction in progress and advance payments	**35**	18					(24)	**29**
Intangible assets	**14**	16	7	(4)			(3)	**30**
Total	**5,488**	**129**	**1,087**	**(962)**	**(162)**	**77**	**(142)**	**5,515**

In 2023, capital expenditures mainly refer to the Domestic Business Unit and are essentially related to the acquisition of transmission capacity and telecommunications infrastructure in IRUs and improvements and incremental expenses incurred on leased property and non-property assets.

The increases in finance leasing contracts in 2023, equal to 1,087 million euros, refer to the Domestic Business Unit (553 million euros) and the Brazil Business Unit (534 million euros).

These increases include the higher value of the rights of use recorded as a result of new leases, increases of lease payments and renegotiations of agreements existing both land and buildings for office use and industrial relationship over time, to infrastructure sites for the mobile telephone network infrastructure and network. In 2023, the increases include the result of the assessment carried out by the Parent Company TIM S.p.A. on the contractual durations of real estate leases, which led to an extension of some of them, with a consequent increase in rights of use and financial liabilities of approximately 380 million euros.

Amortization and impairment losses have been recorded in the income statement as components of EBIT.

The disposals are representative of the carrying amount of the assets from lease agreements that terminated early.

Other changes refer mainly to changes related to the lower value of rights of use recorded as a result of contractual changes during the period and also include transfers in operation.

Property includes buildings and land under finance leases and the related building adaptations, attributable to the Domestic Business Unit (2,572 million euros) and the Brazil Business Unit (595 million euros).

Plant and equipment mainly includes rights of use on infrastructures for telecommunications services. They refer to the Brazil Business Unit (1,318 million euros), the Parent Company TIM S.p.A. (601 million euros), to FiberCop S.p.A. (152 million euros) and the Telecom Italia Sparkle group (145 million euros). This includes, inter alia, the recognition of the value of the telecommunications towers sold by the TIM Brasil group to American Tower do Brasil and subsequently repurchased in the form of a finance lease.

Other tangible assets mainly comprises the leases on motor vehicles. The decrease compared to December 31, 2023 is also related to the deconsolidation of the company TIM Servizi Digitali S.p.A. sold by the Parent Company TIM S.p.A. on August 4, 2023. The company is the holder of a right of use for the lease of a business unit deriving from a contract stipulated with Sittel S.p.A..

The item **Intangible assets** mainly includes Telecom Italia Sparkle's rights of use on the transmission frequency spectrum on non-illuminated fiber optic carriers of a submarine cables, as well as the right of use of the subsidiary Telsy for the use of a cloud computing platform created for the exclusive benefit of the company for the exercise of security services.

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2023 and December 31, 2022 can be summarized as follows:

(million euros)	12.31.2022			
	Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Property	5,811	(13)	(2,831)	2,967
Plant and equipment	4,340	(278)	(1,692)	2,370
Other	272		(170)	102
Construction in progress and advance payments	35			35
Intangible assets	17	—	(3)	14
Total	**10,475**	**(291)**	**(4,696)**	**5,488**

(million euros)	12.31.2023			
	Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Property	6,324	(13)	(3,144)	3,167
Plant and equipment	4,582	(276)	(2,090)	2,216
Other	240		(167)	73
Construction in progress and advance payments	29			29
Intangible assets	36	—	(6)	30
Total	**11,211**	**(289)**	**(5,407)**	**5,515**

Impairment losses on “Plant and equipment”, mainly relating to prior years, refers to the Indefeasible Rights of Use (IRU) for the transmission capacity and cables for international connections acquired by the Telecom Italia Sparkle group.

With reference to gross values, in 2023 the Parent Company TIM S.p.A. carried out disposals with a total value of 130 million euros mainly attributable to leased properties and related improvements and adaptations (106 million euros), leased cars (20 million euros) and base transceiver stations (3 million euros).

NOTE 9
INVESTMENTS

Investments in associates and joint ventures accounted for using the equity method

Investments in associates and joint ventures accounted for using the equity method are reported below in detail:

(million euros)		12.31.2023	12.31.2022
I-Systems S.A.		271	277
Daphne 3 S.p.A.		200	212
Italtel S.p.A.		7	9
NordCom S.p.A.		7	6
W.A.Y. S.r.l.		4	4
QTI S.r.l		2	3
Other		2	2
Total Associates	**(a)**	**493**	**513**
TIMFin S.p.A.		30	21
Polo Strategico Nazionale S.p.A.		14	5
Total Joint Ventures	**(b)**	**44**	**26**
Total investments accounted for using the equity method	**(a+b)**	**537**	**539**

The changes in this item are broken down as follows:

(million euros)	12.31.2021	Investments	Disposals and reimbursements of capital	Valuation using equity method	Other changes	12.31.2022
I-Systems S.A.	**253**			(11)	35	**277**
Daphne 3 S.p.A.				(57)	269	**212**
Italtel S.p.A.		10		(1)		**9**
NordCom S.p.A.	**6**					**6**
W.A.Y. S.r.l.	**4**					**4**
QTI S.r.l	**2**	1				**3**
Satispay S.p.A.	**20**		(20)			**—**
Other	**3**	—			(1)	**2**
Total Associates	**288**	**11**	**(20)**	**(69)**	**303**	**513**
INWIT S.p.A.	**2,669**			(59)	(2,610)	**—**
TIMFin S.p.A.	**22**			(1)		**21**
Polo Strategico Nazionale S.p.A.		5				**5**
Total Joint Ventures	**2,691**	**5**	**—**	**(60)**	**(2,610)**	**26**
Total investments accounted for using the equity method	**2,979**	**16**	**(20)**	**(129)**	**(2,307)**	**539**

(million euros)	12.31.2022	Investments	Disposals and reimbursements of capital	Valuation using equity method	Other changes	12.31.2023
I-Systems S.A.	277			(17)	11	**271**
Daphne 3 S.p.A.	212			(12)		**200**
Italtel S.p.A.	9			(2)		**7**
NordCom S.p.A.	6			1		**7**
W.A.Y. S.r.l.	4					**4**
QTI S.r.l	3			(1)		**2**
Other	2					**2**
Total Associates	**513**	**—**	**—**	**(31)**	**11**	**493**
TIMFin S.p.A.	21	10			(1)	**30**
Polo Strategico Nazionale S.p.A.	5	19		(10)		**14**
Total Joint Ventures	**26**	**29**	**—**	**(10)**	**(1)**	**44**
Total investments accounted for using the equity method	**539**	**29**	**—**	**(41)**	**10**	**537**

Investments in 2023 mainly include the recapitalizations of Polo Strategico Nazionale S.p.A. (19 million euros) and TIMFin S.p.A. (10 million euros).

The adjustment of Daphne 3 relates to the dividend distributed by the company during 2023.

"Other changes" mainly include exchange rate differences related to the investment in the Brazilian associate I-Systems S.A..

The list of **investments accounted for using the equity method** is presented in the Note "List of companies of the TIM Group".

Other investments in associates accounted for using the equity method of the TIM Group are not material either individually or in aggregate form.

Investments in structured entities

The TIM Group does not hold investments in structured entities.

Other investments

Other investments refer to the following:

(million euros)	12.31.2021	Investments	Disposals and reimbursements of capital	Valuation at fair value	Other changes	12.31.2022
SECO S.p.A.	**92**			(36)		56
Fin.Priv. S.r.l.	**22**			(2)		20
Northgate Telecom Innovations Partners L.P.	**17**	3		(4)		16
UV T-Growth	**12**	8	(7)	(2)		11
Other	**13**					13
Total	**156**	**11**	**(7)**	**(44)**	**—**	**116**

(million euros)	12.31.2022	Investments	Disposals and reimbursements of capital	Valuation at fair value	Other changes	12.31.2023
SECO S.p.A.	**56**			(20)		**36**
Banco C6 S.A.					30	**30**
Fin.Priv. S.r.l.	**20**			3		**23**
UV T-Growth	**11**	9		(5)		**15**
Northgate Telecom Innovations Partners L.P.	**16**	1		(4)		**13**
Upload Ventures Growth LP		10				**10**
Other	**13**			—		**13**
Total	**116**	**20**	**—**	**(26)**	**30**	**140**

The investment in Banco C6 S.A. represents 1.44% of the company's share capital resulting from the exercise by TIM S.A. (Brazil Business Unit), the option to purchase C6 shares as part of the partnership entered into between the parties in 2020. After the exercise of the option, TIM S.A. holds a minority position and has no position of control or significant influence in the management of C6. Further details are also provided in the Note 25 “Disputes and Pending Legal Actions, other information, commitments and guarantees”;

Furthermore:

- during 2023, TIM S.A. (Brazil Business Unit) has invested 10 million euros in the investment fund focused on 5G solutions called Upload Ventures Growth. As at December 31, 2023, TIM S.A. (Brazil Business Unit) does not control the management of the fund or exercise significant influence;
- as at December 31, 2023, the TIM Group has committed to subscribe to shares:
  - of the UV T-Growth fund in the amount of 38.7 million euros.
  - in the Northgate CommsTech Innovations Partners L.P. fund for 3.2 million USD, equal to approximately 2.9 million euros at the exchange rate as at December 31, 2023;

As permitted by IFRS 9, TIM now measures Other Investments mainly at “fair value through other comprehensive income (FVTOCI)”.

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

NOTE 10

NON-CURRENT AND CURRENT FINANCIAL ASSETS

Non-current and current financial assets were broken down as follows:

(million euros)		12.31.2023	12.31.2022
Other non-current financial assets			
Securities other than investments		–	–
Receivables from employees		31	39
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		968	1,435
Non-hedging derivatives		95	119
Other financial receivables		9	9
		1,103	**1,602**
Financial receivables for lease contracts		**112**	**49**
Total non-current financial assets	**(a)**	**1,215**	**1,651**
Securities other than investments, other financial receivables and other current financial assets			
Securities other than investments			
Measured at amortized cost (AC)		—	—
Measured at fair value through other comprehensive income (FVTOCI)		1,516	1,040
Measured at fair value through profit or loss (FVTPL)		366	406
		1,882	**1,446**
Financial receivables and other current financial assets			
Receivables from employees		24	21
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		117	84
Non-hedging derivatives		57	47
Other short-term financial receivables		491	2
		689	**154**
	(b)	**2,571**	**1,600**
Financial receivables for lease contracts	**(c)**	**162**	**69**
Cash and cash equivalents	**(d)**	**2,912**	**3,555**
Total current financial assets	**e=(b+c+d)**	**5,645**	**5,224**
Financial assets relating to Discontinued operations/Non-current assets held for sale	**(f)**	**–**	**—**
Total non-current and current financial assets	**g=(a+e+f)**	**6,860**	**6,875**

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosures on financial instruments".

Financial receivables for lease contracts refer to:

- finance leases on user rights and equipment;
- agreements for the sale of network infrastructure in IRU with deferred collection over time recognized using the financial method envisaged by IFRS 16 given the contractual term substantially close to the economic life of the asset;
- lease contracts for commercial products with customers. For the financial receivables for lease assets are offset by the financial debt for the corresponding leases payable.

Hedging derivatives relating to hedged items classified under non-current and current financial assets/liabilities include the spot mark-to-market components of hedging derivatives and accrued income on those contracts.

Non-hedging derivatives consist mainly of the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit. More specifically, they include 94 million euros in relation to the option to subscribe shares of C6 Bank with which TIM S.A. entertains commercial relations.

Further details are provided in Note 19 "Derivatives".

Other short-term financial receivables consist of the 488 million euros in National Recovery and Resilience Plan (NRRP) funds received on January 2, 2024 in relation to the 1G tender. For further details, see Note 17 “Net financial debt”.

Securities other than investments included in current financial assets relate to:

- 1,516 million euros of listed securities, of which 1,007 million euros of treasury bonds purchased by Telecom Italia Finance S.A. as well as 509 million euros of bonds purchased by Telecom Italia Finance S.A. with different maturities, all with an active market and consequently readily convertible into cash. Under IFRS 9 and consistently with the Business model, such securities are classified as financial assets measured at fair value through other comprehensive income (FVTOCI). The purchases of the above government bonds, which, pursuant to Consob Communication no. DEM/11070007 of August 5, 2011, represent investments in “Sovereign debt securities”, have been made in accordance with the Guidelines for the “Management and control of financial risk” adopted by the TIM Group;
- 366 million euros of investments in monetary funds by the Brazil Business Unit, which, under IFRS 9, are classified as financial assets measured at fair value through profit or loss (FVTPL).

On the basis of two securities lending agreements signed with Telecom Italia Finance S.A. on November 27, 2019 and thereafter renewed on April 28, 2020, TIM S.p.A. had received on loan until February 2, 2021 (renewable term) 98 million euros (nominal) of BTP 3/1/2023 and 150 million euros of BTP 4/15/2021; starting December 1, 2019, TIM S.p.A had loaned these securities to the counterparty NatWest.

On January 27, 2021, TIM S.p.A. had renewed the securities lending agreement in place with Telecom Italia Finance S.A., which envisaged the lending until February 15, 2023 of 98 million euros (nominal) of BTP 3/1/2023.

On January 29, 2021, TIM S.p.A. had borrowed until October 5, 2023 (subject to renewal) 24 million euros (nominal) in BTP 10/15/2023 and 67.5 million euros (nominal) in BTP 2/1/2026; furthermore TIM S.p.A. had lent the counterparty NatWest said securities in compliance with the agreement stipulated on December 21, 2020.

On February 14 and 16, 2023, the 98 million in BTP 3/1/2023 - falling due - were replaced by 97.8 million in BTP 1/15/2026 as part of the securities lending arrangements between TIM S.p.A. and Telecom Italia Finance S.A. and between TIM S.p.A. and NatWest, respectively.

On May 8, 2023, the securities lending arrangement with Telecom Italia Finance S.A. was terminated early and replaced by a new loan valid until October 1, 2026 for 40 million euros in BTP 12/1/2026; on May 9, 2023, TIM S.p.A. effected the early termination of its loan with NatWest and issued the above mentioned security until October 2026.

Under a securities lending agreement signed with Telecom Italia Finance S.A. on October 18, 2023, TIM S.p.A. has borrowed 131 million euros nominal in BTP 7/15/2028 until October 19, 2026; On October 25, 2023, TIM S.p.A. pledged a portion of the securities with a market value (from time to time) of 99 million euros in favour of counterparty MPS after the latter issued a bank guarantee in favour of INPS in support of the application of Art. 4 of Law 92 of June 28, 2012.

From an accounting standpoint, in compliance with IAS/IFRS, the assets are shown exclusively in the financial statements of Telecom Italia Finance S.A., which retains the risks and benefits associated with the position.

Further details are provided in Note 2 “Accounting policies”.

Cash and cash equivalents amounted to 2,912 million euros, a decrease of 643 million euros compared to December 31, 2022 and were broken down as follows:

(million euros)	12.31.2023	12.31.2022
Liquid assets with banks, financial institutions and post offices	2,294	2,622
Checks, cash and other receivables and deposits for cash flexibility	—	—
Securities other than investments (due within 3 months)	618	933
Total	**2,912**	**3,555**

The different technical forms of investing available cash at December 31, 2023 had the following characteristics:

- maturities: investments have a maximum maturity of three months;
- counterparty risk: deposits have been made with leading high-credit-quality banks and financial institutions with a rating of at least BBB and a non-negative outlook regard to Europe, and with leading local counterparts with regard to investments in South America;
- Country risk: deposits have been made mainly in major European financial markets.

Securities other than investments (due within 3 months) included 618 million euros (595 million euros at December 31, 2022) of Brazilian bank certificates of deposit (Certificado de Depósito Bancário) held by the Brazil Business Unit with premier local banking and financial institutions.

NOTE 11

MISCELLANEOUS RECEIVABLES AND OTHER NON-CURRENT ASSETS

These decreased by 178 million euros compared to December 31, 2022. The breakdown is as follows:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Miscellaneous receivables (non-current)	**(a)**	**390**	**154**	**560**	**275**
Other non-current assets					
Deferred contract costs		1,650		1,702	
Other deferred costs		147		103	
	(b)	**1,797**		**1,805**	
Total	**(a+b)**	**2,187**	**154**	**2,365**	**275**

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

Miscellaneous receivables (non-current) totaled 390 million euros (560 million euros at December 31, 2022) and included Non-current income tax receivables of 72 million euros (124 million euros at December 31, 2022).

This item was mainly due to the Brazil Business Unit (345 million euros; 516 million euros at December 31, 2022).

In particular, the Brazil Business Unit as of December 31, 2023 had non-current receivables relating to:

- judicial deposits of 129 million euros (248 million euros at December 31, 2022). The reduction compared to December 31, 2022 is mainly attributable to the release of the judicial deposit established in October 2022 against the litigation related to the acquisition of the mobile telephony assets of the Oi group and concluded in October 2023. Further details are provided in the Note 25 "Disputes and Pending Legal Actions, other information, commitments and guarantees";
- indirect taxes of 147 million euros (153 million euros at December 31, 2022);
- direct taxes of 41 million euros (93 million euros at December 31, 2022).

Other non-current assets amounted to 1,797 million euros (1,805 million euros at December 31, 2022). They mainly break down as follows:

- **Deferred contract costs** of 1,650 million euros (1,702 million euros at December 31, 2022), mainly related to the deferral of costs related to the activation and acquisitions of new contracts with customers. Contractual costs (mainly technical activation costs and commissions for the sales network) were deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (on average around 4 years for the mobile business and around 8 years for the fixed-line business).

  Total (non-current and current) deferred contract costs amounted to 2,186 million euros (2,271 million euros at December 31, 2022) and break down as follows:

(million euros)	12.31.2023	12.31.2022
Deferred contract costs		
Non-current deferred contract costs	1,650	1,702
Current deferred contract costs	536	569
Total	**2,186**	**2,271**

(million euros)	12.31.2023	12.31.2022
Deferred contract costs		
Contract acquisition costs	1,255	1,262
Contract execution costs	931	1,009
Total	**2,186**	**2,271**

Changes to comprehensive deferred contract costs in 2023 are as follows:

(million euros)	12.31.2022	Increase	Release to income statement	Exchange differences and other changes	12.31.2023
Contract acquisition costs	1,262	369	(378)	2	1,255
Contract execution costs	1,009	173	(251)		931
Total	**2,271**	**542**	**(629)**	**2**	**2,186**

The deferred contract costs will be recognized in the income statement for future years and, in particular, of around 608 million euros in 2024, based on the amount at December 31, 2023 without taking into account the new deferred portions.

(million euros)	12.31.2023	Year of recognition in the income statement					
		2024	2025	2026	2027	2028	After 2028
Contract acquisition costs	1,255	368	283	213	149	105	137
Contract execution costs	931	240	204	160	125	96	106
Total	**2,186**	**608**	**487**	**373**	**274**	**201**	**243**

- **Other deferred** costs amounted to 147 million euros, mainly attributable to the Parent Company TIM S.p.A., the companies of the Telecom Italia Sparkle group and the companies of the Brazil Business Unit.

NOTE 12

INCOME TAX EXPENSE (CURRENT AND DEFERRED)

Current income tax receivables

Non-current and current income tax receivables at December 31, 2023 amounted to 263 million euros (271 million euros at December 31, 2022).

Specifically, they consisted of:

- non-current income tax receivables of 72 million euros (124 million euros at December 31, 2022), relating to the Brazil Business Unit (41 million euros) and the Parent TIM S.p.A. (31 million euros). In detail:
  - in September 2021, following the Brazilian Supreme Federal Court's decision on the non-collection of corporate income tax and social contribution on the monetary restatement using the SELIC rate in cases of undue payment, TIM S.A. had recorded its best estimate (approximately R$ 535 million) in non-current receivables. In the third quarter of 2023, following the final favourable and unappealable decision that resulted in the approval of the receivable by the Brazilian Federal Tax Agency, TIM S.A. reclassified it to the current portion (approximately R$ 470 million);
  - the receivables of the Parent Company TIM S.p.A. include non-disposable receivables related to taxes and interest resulting from the recognized deductibility for IRES purposes of IRAP on labor costs, relating to years prior to 2012, following the entry into force of Italian Decree Law 16/2012;
- current income tax receivables of 191 million euros (147 million euros at December 31, 2022), relating to the companies of the Brazil Business Unit (139 million euros) and the Domestic Business Unit (52 million euros). Specifically, they include TIM S.A.'s receivables relating to the positive outcome of the above-mentioned decision of the Brazilian Supreme Federal Court, as well as receivables for taxes paid abroad in the amount of 13 million euros, the residual IRAP surplus from previous years in the amount of 15 million euros, the tax consolidation credit in the amount of 10 million euros and other tax credits in the amount of 4 million euros of the Parent Company TIM S.p.A.

Tax assets and deferred tax liabilities

The net balance of 618 million euros at December 31, 2023 (685 million euros at December 31, 2022) breaks down as follows:

(million euros)	12.31.2023	12.31.2022
Deferred tax assets	701	769
Deferred tax liabilities	(83)	(84)
Total	**618**	**685**

Deferred tax assets at December 31, 2023 refer to the Domestic Business Unit for 466 million euros and to the Brazil Business Unit for 235 million euros. As at December 31, 2022, deferred tax assets referred to the Domestic Business Unit for 523 million euros and the Brazil Business Unit for 246 million euros.

In the 2023 financial statements, the Parent Company TIM S.p.A. did not include IRES deferred tax for current period and prior period tax losses nor do they include IRAP deferred tax assets/liabilities, (as was the case in the previous financial statements), in consideration of the assessment of the time frame for recoverability of deferred tax assets.

Deferred tax liabilities mainly refer to Telecom Italia Capital for 45 million euros (52 million euros at December 31, 2022) and the Domestic Business Unit for 31 million euros (24 million euros at December 31, 2022).

Since the presentation of prepaid and deferred taxes in the financial statements takes into account the offsets by legal entity when applicable, the composition of the gross amounts before offsets is presented below:

(million euros)	12.31.2023	12.31.2022
Deferred tax assets	1,307	1,285
Deferred tax liabilities	(689)	(600)
Total	**618**	**685**

The temporary differences which made up this line item at December 31, 2023 and 2022, as well as the movements during 2023, were as follows:

(million euros)	12.31.2022	Recognized in profit or loss	Recognized in equity	Change in scope of consolidation and other changes	12.31.2023
Deferred tax assets					
Tax loss carryforwards (*)	25	(16)		30	39
Derivatives	289	(4)	36		321
Provision for bad debts	120	—		—	120
Provisions	415	(41)		99	473
Taxed depreciation and amortization	112	18		—	130
Other deferred tax assets	324	(19)	—	(81)	224
Total	**1,285**	**(62)**	**36**	**48**	**1,307**
Deferred tax liabilities					
Derivatives	(330)	(14)	8	(1)	(337)
Business combinations - for step-up of net assets in excess of tax basis	(57)	(41)	—	(3)	(101)
Accelerated depreciation	(136)	(32)		(6)	(174)
Other deferred taxes	(77)	—		—	(77)
Total	**(600)**	**(87)**	**8**	**(10)**	**(689)**
Total Deferred tax assets net of Deferred tax liabilities	**685**	**(149)**	**44**	**38**	**618**

(*) For the new flow of tax losses in 2023, the Parent Company TIM S.p.A. has not entered deferred tax assets.

The expirations of deferred tax assets and deferred tax liabilities at December 31, 2023 were the following:

(million euros)	Within next year	Beyond 1 year	Total at 12/31/2023
Deferred tax assets	339	968	1,307
Deferred tax liabilities	(61)	(628)	(689)
Total Deferred tax assets net of Deferred tax liabilities	**278**	**340**	**618**

At December 31, 2023, the TIM Group had unused tax loss carryforwards of 4,402 million euros, mainly relating to the Parent Company TIM S.p.A. and the company Telecom Italia Finance, with the following expiration dates:

Year of expiration	(million euros)
2024	1
2025	1
2026	1
2027	—
2028	—
Expiration after 2028	31
Without expiration	4,368
Total unused tax loss carryforwards	**4,402**

Unused tax loss carryforwards considered in the calculation of deferred tax assets amounted to 144 million euros at December 31, 2023 (73 million euros at December 31, 2022) and mainly referred to the Brazil Business Unit. Deferred tax assets were recognized as it was considered probable that taxable income will be available in the future against which the tax losses can be utilized.

On the other hand, deferred tax assets of 1,036 million euros (685 million euros at December 31, 2022) were not recognized on 4,257 million euros of tax loss carry-forwards since, at the reporting date, their recoverability was not considered probable.

At December 31, 2023, deferred tax liabilities were not recognized on approximately 2.6 billion euros of tax-suspended reserves and undistributed earnings of subsidiaries, because the TIM Group is in a position to control the timing of the distribution of those reserves and it is probable that those accumulated earnings will not be distributed in the foreseeable future.

Income tax payables

Current income tax payables amounted to 27 million euros (34 million euros at December 31, 2022). They break down as follows:

(million euros)	12.31.2023	12.31.2022
Income tax payables:		
non-current	—	—
current	27	34
Total	**27**	**34**

The current portion, amounting to 27 million euros, mainly refers to companies in the Domestic Business Unit (8 million euros) and the Brazil Business Unit (18 million euros). The current tax payables of the Parent Company TIM S.p.A. are zero (unchanged compared to December 31, 2022).

Non-current tax payables are zero (unchanged compared to December 31, 2022).

Income tax expense

The income tax expense for the years 2023 and 2022 breaks down as follows:

(million euros)		2023	2022
Current taxes for the year		81	95
Net difference in prior year estimates		(3)	(675)
Total current taxes		**78**	**(580)**
Deferred taxes		149	2,646
Total income tax expense on continuing operations	**(a)**	**227**	**2,066**
Income tax expense on Discontinued operations/Non-current assets held for sale	**(b)**	**—**	**—**
Total income tax expense for the year	**(a+b)**	**227**	**2,066**

Current taxes include the income represented by the benefit of the tax consolidation of 132 million euros and the lower taxes of previous years of 2 million euros of the Parent Company TIM S.p.A., relating to the effects of the tax return compared to the estimate made in the 2022 financial statements on the basis of the elements available at the time.

The current tax benefits juxtaposes with the deferred tax expense of the Parent Company TIM S.p.A. of 88 million euros, of which 9 million euros relate to previous years.

The reconciliation between the theoretical tax expense, using the IRES tax rate in force in Italy (24%), and the effective tax expense for the years ended December 31, 2023 and 2022 is as follows:

(million euros)		2023	2022
Profit (loss) before tax from continuing operations		**(880)**	**(588)**
Theoretical income tax expense from continuing operations		**(211)**	**(141)**
Income tax effect on increases (decreases) in variations			
Tax losses of the year not considered recoverable		401	280
Tax losses from prior years not recoverable (recoverable) in future years		(51)	(8)
Prepaid IRES tax (benefit)/write-off pursuant to Decree Law 104/2020, Art. 110 and others		—	2,656
Brazil: different tax rate compared to the theoretical rate in force in Italy		52	30
Brazil: investment incentives		(44)	(29)
Other net differences		40	(82)
Effective taxes recognized in the Income Statement, excluding IRAP and substitute tax		**187**	**2,706**
IRAP (Regional Tax on Production Activities)		40	52
Write-off of substitute tax pursuant to Decree Law 104/2020 art. 110		—	(692)
Total effective taxes recognized in the Income Statement from continuing operations	**(a)**	**227**	**2,066**
Effective taxes recognized in the Income Statement from Discontinued operations/Non-current assets held for sale	**(b)**	**—**	**—**
Total of actual taxes to income statement	**(a)+(b)**	**227**	**2,066**

For the analysis of the tax burden related to the Profit (loss) before tax from continuing operations, the impact of IRAP and substitute tax pursuant to Decree Law 104/2020, Art. 110, has been kept separate to avoid any distorting effect, since these taxes only apply to Italian companies and are calculated on a tax base other than pre-tax profit.

Global Minimum Tax

Legislative Decree No. 209 of December 27, 2023, implementing the international tax reform, transposed European Union Council Directive No. 2022/2523/EU (the "**Directive**"), which implements the rules developed by the OECD on Pillar 2 and Global Minimum Tax ("***Model Rules***" or "***GloBE Rules***"). The new rules enter into force on January 1, 2024.

To give a very brief overview, the *GloBE Rules* introduce a coordinated system of rules for multinational groups with total revenues of 750 million euros or more, aimed at ensuring that they are subject to a minimum tax level of at least 15% in relation to income generated in each country in which they operate. The *GloBE Rules* provide for the application of a top-up tax due if the effective tax rate ("**ETR**") calculated for each country according to the common rules is below 15%, up to that level. The ETR is equal to the ratio of taxes paid (with adjustments) to accounting profit (with adjustments). Both the calculation of the effective tax rate and the supplementary tax are done on a jurisdictional (i.e. country-by-country) basis.

The OECD has developed a system of safe harbours (i.e. tests) applicable during the first three-year period of the *GloBE Rules* (until 2026), which will make it possible to avoid making the complex calculations required and to consider the supplementary tax due in a given state to be zero if one of the following tests is passed:

- ***de minimis test***: aggregate revenue in that state is less than 10 million euros and aggregate pre-tax profit is less than 1 million euros (or a loss);
- ***simplified ETR test***: The effective tax level is at least 15% (for 2024), 16% (for 2025) and 17% (for 2026) and is to be determined on the basis of the ratio of the aggregate values of pre-tax profit/loss (denominator) and income tax (numerator);
- ***routine profit test:*** the economic substance present in a given jurisdiction (calculated assuming a given implied profitability of tangible assets and personnel costs located in the jurisdiction) is greater than the aggregate amount of pre-tax profit/loss. In the event that the group is found to have a pre-tax loss, the test will be regarded as positive.

As it falls within the scope of application of the *GloBE Rules*, TIM S.p.A. is currently analysing the new rules and structuring an internal process for collecting the data necessary to carry out the calculations required when fully implemented.

TIM S.p.A. also performed a simulation on the figures for the financial year 2022, with reference to the potential application of safe harbours in the jurisdictions in which it operates. From initial estimates and based on the best interpretation of documents published by the OECD, practically all countries pass at least one of the tests.

With regard to the related amendments adopted by the IASB to IAS 12 and implemented by Regulation (EU) No. 2023/2468, please refer to what is specified in Note 2 "Accounting Policies".

NOTE 13
INVENTORIES

The item increased compared to December 31, 2022, by 23 million euros and is broken down as follows:

(million euros)	12.31.2023	12.31.2022
Raw materials and supplies	2	2
Work in progress and semifinished products	2	8
Finished goods	314	274
Deposits on stocks	27	38
Total	**345**	**322**

Inventories essentially consist of fixed and mobile telecommunications equipment and handsets and related accessories, as well as office products and specialist printers.

Inventories consist of 283 million euros for the Domestic Business Unit (280 million euros at December 31, 2022) and 62 million euros for the Brazil Business Unit (42 million euros at December 31, 2022).

The item "Deposits on stocks" refers to deposits paid for fiber on submarine cables by Telecom Italia Sparkle to construct transmission systems, limited to the component for resale also through finance lease transfer contracts.

Inventories are stated net of a provision for bad debts amounting to 13 million euros at December 31, 2023 (18 million euros at December 31, 2022).

NOTE 14

TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER CURRENT ASSETS

This item rose by 160 million euros compared to December 31, 2022. The figure breaks down as follows:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Trade receivables					
Receivables from customers		1,351	*1,351*	1,586	*1,586*
Receivables from other telecommunications operators		1,556	*1,556*	1,288	*1,288*
	(a)	**2,907**	*2,907*	**2,874**	*2,874*
Miscellaneous receivables (current)					
Other receivables	**(b)**	**752**	*60*	**689**	*96*
Other current assets					
Contract assets		68	*68*	17	*17*
Deferred contract costs		536		569	
Other deferred costs		395		337	
Other		41		53	
	(c)	**1,040**	*68*	**976**	*17*
Total	**(a+b+c)**	**4,699**	***3,035***	**4,539**	***2,987***

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

The analyses of the aging of the financial instruments included in Trade and miscellaneous receivables and other current assets at December 31, 2023 and December 31, 2022 are provided below:

(million euros)	12.31.2023	of which non-overdue	of which overdue	of which overdue from: 0-90 days	91-180 days	181-365 days	More than 365 days
Trade and miscellaneous receivables and other current assets	**3,035**	*2,455*	580	208	78	97	197

(million euros)	12.31.2022	of which non-overdue	of which overdue	of which overdue from: 0-90 days	91-180 days	181-365 days	More than 365 days
Trade and miscellaneous receivables and other current assets	**2,987**	2,371	616	167	84	137	228

Receivables not past due are increasing, compared to December 31, 2022, by 84 million euros. The Brazil Business Unit (58 million euros, including a positive foreign exchange effect of approximately 21 million euros) and the Domestic Business Unit (26 million euros) contribute to this trend for 2023.

Past-due receivables decreased by 36 million euros compared to December 31, 2022. This reduction for the 2023 financial year is attributable to the Domestic Business Unit in the amount of 49 million euros compared to the increase recorded in the Brazil Business Unit in the amount of 13 million euros, including a positive exchange rate effect of approximately 5 million euros).

Trade receivables amounted to 2,907 million euros (2,874 million euros at December 31, 2022) and are stated net of the provision for bad debts of 463 million euros (499 million euros at December 31, 2022). They included 10 million euros (12 million euros at December 31, 2022) of medium/long-term receivables mainly relating to agreements for the sale of transmission capacity under Indefeasible Rights of Use (IRU).

Trade receivables relate, in particular, to TIM S.p.A. (1,898 million euros) and the Brazil Business Unit (726 million euros).

Movements in the provision for bad debts were as follows:

(million euros)	12.31.2023	12.31.2022
At January 1	**499**	**565**
Provision charges to the income statement	184	178
Utilization and decreases	(225)	(275)
Change in scope	—	7
Exchange rate differences and other changes	5	24
At December 31	**463**	**499**

Miscellaneous receivables (current) refer to other receivables amounting to 752 million euros (689 million euros at December 31, 2022) and are net of a provision for bad debts of 44 million euros (41 million euros at December 31, 2022). Details are as follows:

(million euros)	12.31.2023	12.31.2022
Advances to suppliers	335	282
Receivables from employees	10	10
Tax receivables	185	152
Receivables for grants from the government and public entities	10	11
Sundry receivables	212	234
Total	**752**	**689**

As at December 31, 2023, "tax receivables" refer to the Brazil Business Unit for 153 million euros and to the Domestic Business for 32 million euros.

“Receivables for grants from the government and public entities” mainly refer to the projects called Ultra Broadband-BUL and Broadband-BL. These contributions are recognised in the income statement at the time of entry into operation of the plants to which the contributions refer.

“Sundry receivables” mainly included:

- TIM S.p.A. receivables for Universal Service (52 million euros);
- miscellaneous receivables of TIM S.p.A. from other TLC operators (27 million euros);
- TIM S.p.A. receivables for with-recourse assignments to factoring companies (23 million euros);
- TIM S.p.A. receivables from social security and pension institutions (18 million euros).

Other current assets included:

- **Contract assets**. This item mainly includes:
  - 12 million euros attributable to the parent company TIM S.p.A. due to the effect of the early recognition of revenues for those bundle contracts (such as bundles of products and services) with individual performance obligations with a different recognition timing, in which the goods recognized “at a point in time” are sold at a discounted price, or for those contracts which, by providing for a discount for a period of time shorter than the minimum contract term, require, pursuant to IFRS 15, a reallocation of the discount over the minimum contractual term. These Contract Assets are net of the related impairment provision of 1 million euros;
  - 53 million euros from the Parent Company TIM S.p.A. and the company FiberCop S.p.A. relating to works carried out in 2023 in connection with the NRRP projects.
- **Deferred contract costs** (536 million euros; 569 million euros at December 31, 2022): There are contractual costs (mainly technical activation costs and commissions for the sales network) deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (around 4 years for the mobile business and around 8 years for the fixed-line business). Further details on Deferred contract costs are provided in the Note 11 “Miscellaneous receivables and other non-current assets”.
- **Other deferred costs** mainly concern:
  - the Parent Company essentially for: a) costs related to rental charges and other lease and rental costs (266 million euros); b) after-sales expenses on application offers (32 million euros); c) costs for the purchase of products and services (23 million euros); d) insurance premiums (8 million euros); e) maintenance fees (6 million euros);
  - to the Telecom Italia Sparkle group mainly related to the deferral of costs connected to payments for line lease and maintenance payments (13 million euros);
  - the Brazil Business Unit (15 million euros), essentially related to the deferral of service costs.

NOTE 15
EQUITY

This item consisted of:

(million euros)	12.31.2023	12.31.2022
Equity attributable to owners of the Parent	13,646	15,061
Non-controlling interests	3,867	3,664
Total	**17,513**	**18,725**

The composition of **Equity attributable to owners of the Parent** is the following:

(million euros)	12.31.2023	12.31.2022
Share capital	11,620	11,614
Additional paid-in capital	575	2,133
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	1,451	1,314
Reserve for financial assets measured at fair value through other comprehensive income	(22)	(58)
Reserve for hedging instruments	(80)	65
Reserve for exchange differences on translating foreign operations	(1,959)	(2,085)
Reserve for remeasurements of employee defined benefit plans (IAS 19)	(79)	(71)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	—	—
Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	3,591	3,463
Total	**13,646**	**15,061**

As of December 31, 2023, the **Share Capital** is 11,620 million euros, already net of treasury shares of 57 million euros. Capital increased by 6 million euros as a result of the allocation of treasury shares in execution of the first cycle of the Long Term Incentive Plan 2020-2022.

It should be noted that the Parent Company's Share Capital is subject to a tax suspension restriction for tax purposes in the amount of 1,191 million euros (unchanged from December 31, 2022).

Movements in Share Capital during 2023 are presented in the following tables:

Reconciliation between the number of shares outstanding at December 31, 2022 and December 31, 2023

(number of shares)		as at 12/31/2022	Share assignment/ issue	at 12/31/2023	% on Capital
Ordinary shares issued	(a)	15,329,466,496	—	15,329,466,496	71.78%
less: treasury shares	(b)	(115,942,196)	10,879,774	(105,062,422)	
Ordinary shares outstanding	(c)	15,213,524,300	10,879,774	15,224,404,074	
Savings shares issued and outstanding	(d)	6,027,791,699	—	6,027,791,699	28.22%
Total TIM S.p.A. shares issued	**(a+d)**	**21,357,258,195**	**—**	**21,357,258,195**	**100.00%**
Total TIM S.p.A. shares outstanding	**(c+d)**	**21,241,315,999**	**10,879,774**	**21,252,195,773**	

Reconciliation between the value of shares outstanding at December 31, 2022 and December 31, 2023

(million euros)		Share Capital at 12/31/2022	Change in share capital	Share Capital at 12/31/2023
Ordinary shares issued	(a)	8,381	—	**8,381**
less: treasury shares	(b)	(63)	6	**(57)**
Ordinary shares outstanding	(c)	8,318	6	**8,324**
Savings shares issued and outstanding	(d)	3,296	—	**3,296**
Total TIM S.p.A. share capital issued	**(a+d)**	**11,677**	**—**	**11,677**
Total TIM S.p.A. share capital outstanding	**(c+d)**	**11,614**	**6**	**11,620**

The total value of ordinary treasury shares at December 31, 2023, amounting to 330 million euros, was recorded as follows: the part relating to accounting par value (57 million euros) recognized as a deduction from the share capital issued and the remaining part as a deduction from Other reserves and retained earnings (accumulated losses), including profit (loss) for the year.

Disclosure on share capital

The ordinary and savings shares of TIM S.p.A. are listed in Italy (FTSE index).

In the shareholder resolutions passed to increase share capital against cash payments, the pre-emption right can be excluded to the maximum extent of ten percent of the pre-existing share capital, on condition that the issue price corresponds to the market price of the shares and that this is confirmed in a specific report issued by the firm charged with the audit of the Company.

The Group sources itself with the capital necessary to fund its business development and operation requirements; the sources of funds are found in a balanced mix of equity, permanently invested by the shareholders, and debt capital, to guarantee a balanced financial structure and minimize the total cost of capital, with a resulting advantage to all the stakeholders.

Debt capital is structured according to different maturities and currencies to ensure an adequate diversification of the sources of funding and an efficient access to external sources of financing (taking advantage of the best opportunities offered in the financial markets of the euro, U.S. dollar and Pound sterling areas to minimize costs), taking care to reduce the refinancing risk.

The remuneration of equity is proposed by the Board of Directors to the Shareholders' Meeting, which meets to approve the annual financial statements, based upon market trends and business performance, once all the other obligations are met, including debt servicing. Therefore, to ensure an adequate remuneration of capital, safeguard company continuity and business development, the Group constantly monitors the change in debt levels in relation to equity, the level of net debt and the operating margin of industrial operations.

Privileges of savings shares

The privileges of TIM S.p.A. savings shares are indicated below:

- the profit shown in the duly approved financial statements, after deducting the amount to be allocated to the legal reserve, must be distributed to the holders of savings shares in an amount up to 5% of the 0.55 euros per share;
- after assigning preferred dividends to the savings shares, the distribution of which is approved by the shareholders' meeting, the remaining profit shall be allocated among all the shares, so that savings shares are entitled to higher overall dividends than ordinary shares would be entitled to, to the extent of 2% of 0.55 euros per share;
- when, in any one year, dividends of below 5% of the 0.55 euros per share are paid to the savings shares, the difference is determined as an increase of the privileged dividend in the next two subsequent years;
- in the event of a distribution of reserves, the savings shares have the same rights as the other shares. Moreover, when there is no profit or insufficient profit is reported in the financial statements for a given year to satisfy the aforesaid savings shares privileges, the Shareholders' Meeting called to approve those financial statements may choose to satisfy the dividend right and/or the higher dividend right by distributing available reserves. The distribution of available reserves for such payments excludes the application of the mechanism extending the right to the preferred dividend not paid through the distribution of profits for the following two years;
- the reduction of share capital as a result of losses does not affect the savings shares except for the amount of the loss which is not covered by the portion of the share capital represented by the other shares;
- upon the wind-up of TIM S.p.A., the savings shares have a pre-emption right in the reimbursement of capital up to the amount of 0.55 euros per share;
- in the event of the cessation of trading in the Company's ordinary or savings shares, the holder of savings shares may ask TIM S.p.A. to convert his/her shares into ordinary shares, using the method selected during a special session of the shareholders' meeting called for that purpose within two months of being excluded from trading.

The **Share Premium Reserve** is 575 million euros, decreased by 1,558 million euros compared to December 31, 2022 as, based on the resolution of the Shareholders' Meeting of April 20, 2023, it was used to cover the loss for the year 2022 resulting from the financial statements of the Parent Company TIM S.p.A.

Other reserves moved through the Statements of comprehensive income comprised:

- The **Reserve for financial assets measured at fair value through other comprehensive income**, negative for 22 million euros at December 31, 2023, decreased by 36 million euros compared to the figure at December 31, 2022. Specifically, the movement in 2023 includes gains in the securities portfolio of Telecom Italia Finance (59 million euros, of which 9 million euros were realized), losses in the securities portfolio of TI Ventures (9 million euros), losses recognized by Olivetti for the valuation of SECO S.p.A. (20 million euros), profits from other financial assets held by the Parent Company TIM (3 million euros) and profits from the investment in Fin.Priv. S.r.l. of the Parent Company TIM (3 million euros). This reserve is stated net of deferred tax assets of 2 million euros (at December 31, 2022, it was stated net of deferred tax liabilities of 3 million euros).
- The **Reserve for hedging instruments** had a negative balance of 80 million euros at December 31, 2023, (positive 65 million euros at December 31, 2022). This reserve is stated net of deferred tax assets of 23 million euros (at December 31, 2022, it was stated net of deferred tax liabilities of 22 million euros). In particular, this reserve includes the effective portion of gains or losses on the fair value adjustments of derivatives designated as hedges of the exposure to volatility in the cash flows of assets or liabilities recognized in the financial statements ("cash flow hedge").
- The **Reserve for exchange differences on translating foreign operations** showed a negative balance of 1,959 million euros at December 31, 2023 (negative 2,085 million euros at December 31, 2022) and mainly related to exchange differences resulting from the translation into euros of the financial statements of companies belonging to the Brazil Business Unit (negative for 1,983 million euros versus negative for 2,114 million euros at December 31, 2022).
- The **Reserve for the remeasurement of employee defined benefit plans**, negative for 79 million euros, decreased by 8 million euros compared with December 31, 2022 following the recording of the changes in actuarial gains (losses), net of the related income tax effect.
- The **Share of other comprehensive income (losses) of associates and joint ventures accounted for using the equity method** is nil at both December 31, 2023 and December 31, 2022.

Other sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year amounted to 3,591 million euros and increased by 128 million euros, as detailed below:

(million euros)	2023	2022
Profit (loss) for the year attributable to owners of the Parent	(1,441)	(2,925)
Dividends approved - TIM S.p.A.	—	—
Equity instruments	2	6
Disposal of treasury shares under the LTI Plan	(6)	—
Share of loss coverage for the year 2022 using Share Premium Reserve	1,558	—
Other changes	15	6
Change for the year in Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	**128**	**(2,913)**

No dividends were approved in 2023 and 2022.

Equity attributable to non-controlling interests, amounted to 3,867 million euros and mainly referred to FiberCop S.p.A. (2,222 million euros) and the companies of the Brazil Business Unit (1,645 million euros), increases by 203 million euros compared to December 31, 2022 as detailed below:

(million euros)	2023	2022
Profit (loss) for the year attributable to Non-controlling interests	334	271
Group Company dividends paid to minority shareholders	(197)	(86)
Changes in the Reserve for exchange differences on translating foreign operations	63	182
Daphne3 - deconsolidation	—	(1,332)
Other changes	3	4
Change for the year in Equity attributable to Non-controlling interest	**203**	**(961)**

Dividends from Group companies to minority shareholders mainly referred to the Brazil Business Unit in the amount of 136 million euros and FiberCop S.p.A. in the amount of 61 million euros. Dividends in 2022 mainly referred to the Brazil Business Unit for 86 million euros.

The Reserve for exchange differences on translating foreign operations attributable to non-controlling interest showed a negative balance of 910 million euros at December 31, 2023 (negative for 973 million euros at December 31, 2022), relating entirely to exchange differences arising from the translation into euros of the financial statements of the companies belonging to the Brazil Business Unit.

Future potential changes in share capital

Details of “Future potential changes in share capital” are presented in Note 38 “Earnings per share”.

NOTE 16

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Non-current and current financial liabilities (gross financial debt) are broken down as follows:

(million euros)		12.31.2023	12.31.2022
Non-current financial liabilities for financing contracts and others			
Financial payables (medium/long-term):			
Bonds		15,297	15,259
Amounts due to banks		5,262	5,898
Other financial payables		310	305
		20,869	**21,462**
Other medium/long-term financial liabilities:			
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		397	234
Non-hedging derivatives		15	43
Other liabilities		3	—
		415	**277**
	(a)	**21,284**	**21,739**
Non-current financial liabilities for lease contracts	**(b)**	**4,743**	**4,597**
Total non-current financial liabilities	**c=(a+b)**	**26,027**	**26,336**
Current financial liabilities for financing contracts and others			
Financial payables (short term):			
Bonds		3,266	2,799
Amounts due to banks		2,145	1,766
Other financial payables		242	195
		5,653	**4,760**
Other short-term financial liabilities:			
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		66	193
Non-hedging derivatives		51	86
Other liabilities		1	—
		118	**279**
	(d)	**5,771**	**5,039**
Current financial liabilities for lease contracts	**(e)**	**838**	**870**
Total current financial liabilities	**f=(d+e)**	**6,609**	**5,909**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	**(g)**	**—**	**—**
Total Financial liabilities (Gross financial debt)	**h=(c+f+g)**	**32,636**	**32,245**

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosures on financial instruments".

Gross financial debt according to the original currency of the transaction is as follows:

	12.31.2023		12.31.2022	
	(millions of foreign currency)	(million euros)	(millions of foreign currency)	(million euros)
USD	5,696	5,155	5,901	5,532
GBP	—	—	389	439
BRL	21,670	4,051	17,348	3,117
YEN	20,033	128	20,030	142
ILS	44	11	49	13
EUR		23,291		23,002
Total		**32,636**		**32,245**

For the exchange rates used for the conversion of amounts in foreign currency, see the Note 44 "Other information".

The breakdown of gross financial debt by effective interest-rate bands applicable to the original currency is provided below, excluding the effect of any derivative hedging instruments:

(million euros)	12.31.2023	12.31.2022
Up to 2.5%	4,138	5,873
From 2.5% to 5%	9,907	13,469
From 5% to 7.5%	10,309	6,920
From 7.5% to 10%	3,742	2,024
Over 10%	3,389	2,748
Accruals/deferrals, MTM and derivatives	1,151	1,211
Total	**32,636**	**32,245**

Following the use of hedging instruments, on the other hand, gross financial debt by nominal interest rate level is:

(million euros)	12.31.2023	12.31.2022
Up to 2.5%	6,390	8,416
From 2.5% to 5%	8,443	13,168
From 5% to 7.5%	9,719	5,039
From 7.5% to 10%	2,917	1,192
Over 10%	4,016	3,219
Accruals/deferrals, MTM and derivatives	1,151	1,211
Total	**32,636**	**32,245**

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

	maturing by 12/31 of the year:						
-+	2024	2025	2026	2027	2028	After 2028	Total
Bonds	2,867	2,220	1,970	1,470	3,214	6,305	18,046
Loans and other financial liabilities	982	1,080	1,588	423	2,040	(87)	6,026
Finance lease liabilities	751	612	578	537	471	2,545	5,494
Total	**4,600**	**3,912**	**4,136**	**2,430**	**5,725**	**8,763**	**29,566**
Current financial liabilities	1,377	—	—	—	—	—	1,377
Total	**5,977**	**3,912**	**4,136**	**2,430**	**5,725**	**8,763**	**30,943**

The main components of financial liabilities are commented below.

Bonds are broken down as follows:

(million euros)	12.31.2023	12.31.2022
Non-current portion	15,297	15,259
Current portion	3,266	2,799
Total carrying amount	**18,563**	**18,058**
Fair value adjustment and measurements at amortized cost	(517)	(506)
Total nominal repayment amount	**18,046**	**17,552**

The nominal repayment amount of bonds totaled 18,046 million euros, down by 494 million euros compared to December 31, 2022 (17,552 million euros) as a result of the new issuances/repayments/buybacks made in 2023.

(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 SA 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 repurchased in June 2016.

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

The following table lists the bonds issued by companies of the TIM Group, by issuing company, expressed at the nominal repayment amount, net of bond buy-backs, and also at market value:

Currency	Total (millions)	Nominal repayment amount (million euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 12/31/2023 (%)	Market value at 12/31/2023 (million euros)
Bonds issued by TIM S.p.A.								
Euro	450	450	3.625%	20/1/16	19/1/24	99.632	99.915	450
Euro	950	950	4.000%	11/1/19	11/4/24	99.436	99.777	948
USD	1,500	1,357	5.303%	30/5/14	30/5/24	100	99.564	1,351
Euro	1,000	1,000	2.750%	15/4/19	15/4/25	99.320	97.643	976
Euro	1,000	1,000	3.000%	30/9/16	30/9/25	99.806	97.833	978
Euro	750	750	2.875%	28/6/18	28/1/26	100	96.950	727
Euro	1,000	1,000	3.625%	25/5/16	25/5/26	100	98.467	985
Euro	1,250	1,250	2.375%	12/10/17	12/10/27	99.185	93.700	1,171
Euro	850	850	6.875%	27/1/23	15/2/28	100	106.731	907
Euro	400	400	6.875%	12/4/23	15/2/28	100.750	106.731	427
Euro	750	750	7.875%	20/7/23	31/7/28	99.996	111.422	836
Euro	750	750	7.875%	28/9/23	31/7/28	102	111.422	836
Euro	1,000	1,000	1.625%	18/1/21	18/1/29	99.074	86.604	866
Euro	670	670	5.250%	17/3/05	17/3/55	99.667	92.371	619
Subtotal		**12,177**						**12,077**
Bonds issued by Telecom Italia Finance S.A. and guaranteed by TIM S.p.A.								
Euro	1,015	1,015	7.750%	1/24/2003	1/24/2033	(a) 109.646	117.027	1,188
Subtotal		**1,015**						**1,188**
Bonds issued by Telecom Italia Capital S.A. and guaranteed by TIM S.p.A.								
USD	1,0	905	6.375%	29/10/03	15/11/33	99.558	97.921	886
USD	1,0	905	6.000%	6/10/04	30/9/34	99.081	95.348	863
USD	1,0	905	7.200%	18/7/06	18/7/36	99.440	100.717	911
USD	1,0	905	7.721%	4/6/08	4/6/38	100	102.488	928
Subtotal		**3,620**						**3,588**
Bonds issued by TIM S.A.								
BRL	1,600	299	IPCA+4.1682%	15/6/21	15/6/28	100	113.295	339
Subtotal		**299**						**339**
Bonds issued by TIM Brasil Serviços e Participações S.A.								
BRL	5,000	935	CDI+2.3%	31/7/23	25/7/28	100	103.963	**972**
Subtotal		**935**						**972**
Total		**18,046**						**18,164**

(a) Weighted average issue price for bonds issued with more than one tranche.

The regulations and the Offering Circulars relating to the bonds of the TIM Group are available on the corporate website gruppotim.it.

Medium/long-term amounts **due to banks** totaled 5,262 million euros (5,898 million euros at December 31, 2022). Short-term amounts due to banks totaled 2,145 million euros (1,766 million euros at December 31, 2022) and included 1,033 million euros of the current portion of medium/long-term amounts due to banks and 854 million euros in repurchase agreements due by June 2024.

The **other medium/long-term financial payables** totaled 310 million euros (305 million euros at December 31, 2022), 126 million euros of which refer to the Telecom Italia Finance S.A. loan for JPY 20,000 million, maturing in 2029. Short-term other financial payables amounted to 242 million euros (195 million euros at December 31, 2022) and included 16 million euros of the current portion of medium/long-term other financial payables.

Medium/long-term financial liabilities for lease contracts amounted to 4,743 million euros (4,597 million euros at December 31, 2022), whilst short-term payables totaled 838 million euros (870 million euros at December 31, 2022) and included 786 million euros in the current portion of financial liabilities for medium/long-term lease contracts.

With reference to the finance lease liabilities recognized in 2023 and 2022, the following is noted:

(million euros)	2023	2022
Principal reimbursements	742	708
Cash out interest portion	416	315
Total	**1,158**	**1,023**

Hedging derivatives relating to items classified as non-current financial liabilities amount to 397 million euros (234 million euros at December 31, 2022). Hedging derivatives relating to items classified as current liabilities of a financial nature totaled 66 million euros (193 million euros at December 31, 2022).

Non-hedging derivatives classified as non-current financial liabilities came to 15 million euros (43 million euros at December 31, 2022), while non-hedging derivatives classified under current financial liabilities amounted to 51 million euros (86 million euros at December 31, 2022). These also include the measurement of derivatives which, although put into place for hedging purposes, do not possess the formal requisites to be considered as such under IFRS.

Covenants and negative pledges in place at December 31, 2023

Bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom ltalia 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.Currently, these loans are partially guaranteed.

In addition, on May 5, 2023, TIM took out a new 360 million euro loan with the EIB, partially guaranteed by SACE.

Therefore, at December 31, 2023 the nominal total of outstanding loans with the EIB was 1,060 million euros.

The EIB loans include 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 not 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. These include 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, except where certain 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 December 31, 2023, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

Revolving Credit Facility

The following table shows committed credit lines(*) available at December 31, 2023:

(billion euros)	12.31.2023		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).

Rating at December 31, 2023

At December 31, 2023, the three rating agencies – Standard & Poor’s, Moody’s and Fitch Ratings – rated TIM as follows:

	Rating	Outlook
STANDARD & POOR'S	B+	Under review for upgrade
MOODY'S	B1	Under review for upgrade
FITCH RATINGS	BB-	Under review for upgrade

On November 6, 2023, Moody's placed Telecom Italia's B1 rating under review in view of a possible future upgrade.

On November 9, 2023, Standard & Poor’s placed Telecom Italia's B+ rating under review in view of a possible future upgrade.

On November 10, 2023, Fitch placed Telecom Italia's BB- rating under review in view of a possible future upgrade.

NOTE 17
NET FINANCIAL DEBT

The table below shows the breakdown of net financial debt of the TIM Group at December 31, 2023 and December 31, 2022, determined in accordance with the provisions of the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by the ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138) and incorporated by Consob with its Note of Attention no. 5/21 dated April 29, 2021.
This table also shows the reconciliation of the net financial debt determined according to the aforementioned criteria indicated by the ESMA and net financial debt calculated according to the criteria of the TIM Group.

(million euros)		12.31.2023	12.31.2022
Liquid assets with banks, financial institutions and post offices	(a)	2,294	2,622
Other cash and cash equivalents	(b)	618	933
Securities other than investments	(c)	1,882	1,446
Liquidity	**(d=a+b+c)**	**4,794**	**5,001**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(e)	1,391	1,115
Current portion of non-current financial debt	(f)	5,044	4,663
Current financial debt	**(g=e+f)**	**6,435**	**5,778**
Net current financial debt	**(h=g-d)**	**1,641**	**777**
Non-current financial debt (excluding the current part and debt instruments)	(i)	9,667	9,523
Debt instruments	(j)	15,297	15,259
Trade payables and other non-current debt	(k)	68	117
Non-current financial debt	**(l=i+j+k)**	**25,032**	**24,899**
Total net financial debt as per ESMA guidelines 32-382-1138	**(m=h+l)**	**26,673**	**25,676**
Trade payables and other non-current debt		(68)	(117)
Non-current financial receivables arising from lease contracts		(112)	(49)
Current financial receivables arising from lease contracts		(162)	(69)
Financial receivables and other current financial assets		(515)	(23)
Other financial receivables and other non-current financial assets		(40)	(48)
Financial assets/liabilities relating to discontinued operations/non-current assets held for sale		—	—
Subtotal	**(n)**	**(897)**	**(306)**
Net financial debt carrying amount (*)	**(p=m+n)**	**25,776**	**25,370**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(q)	(120)	(6)
Adjusted Net Financial Debt	**(r=p+q)**	**25,656**	**25,364**

(*) As regards the effects of related-party transactions on net financial debt, reference should be made to the specific table included in Note 40 "Related-party transactions".

Additional cash flow information required by IAS 7

(million euros)		12.31.2022	Cash movements: Receipts and/or issues	Cash movements: Payments and/or reimburse-ments	Non-cash movements: Exchange differences	Non-cash movements: Fair value changes	Non-cash movements: Other changes and reclassifica-tions	12.31.2023
Financial payables (medium/long-term):								
Bonds		18,058	3,676	(3,032)	(148)	(36)	45	18,563
Amounts due to banks		6,743	361	(833)	(1)		25	6,295
Other financial payables		324			(8)		10	326
	(a)	**25,125**	**4,037**	**(3,865)**	**(157)**	**(36)**	**80**	**25,184**
of which short-term		*3,663*						*4,315*
Medium/long-term finance lease liabilities:		5,453	373	(742)	91		354	5,529
	(b)	**5,453**	**373**	**(742)**	**91**	**—**	**354**	**5,529**
of which short-term		*856*						*786*
Other medium/long-term financial liabilities:								
Hedging derivative liabilities relating to hedged items classified as non-current assets/liabilities of a financial nature		427			(113)	161	(12)	463
Non-hedging derivative liabilities		125			4	(54)	(9)	66
Other liabilities		—					3	3
	(c)	**552**	**—**	**—**	**(109)**	**107**	**(18)**	**532**
of which short-term		*275*						*117*
Financial payables (short term):								
Amounts due to banks		921					191	1,112
Other financial payables		194			(5)	1	89	279
	(d)	**1,115**	**—**	**—**	**(5)**	**1**	**280**	**1,391**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale:	(e)	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total Financial liabilities (Gross financial debt)	(f=a+b+c+d+e)	**32,245**	**4,410**	**(4,607)**	**(180)**	**72**	**696**	**32,636**
Hedging derivative receivables relating to hedged items classified as current and non-current assets/liabilities of a financial nature	(g)	1,519			(400)	(23)	(11)	1,085
Non-hedging derivative receivables	(h)	166			(14)	(19)	19	152
Total	(i=f-g-h)	**30,560**	**4,410**	**(4,607)**	**234**	**114**	**688**	**31,399**

The change in short-term payables to banks (191 million euros) is mainly due to the opening/closing of Repurchased credit agreements and bank credit lines.

The value of the paid and collected interest expense reported in the Statements of Cash Flows takes into account the movements relating to transactions in CCIRS derivatives to hedge underlying assets in both the assets component (collections) and the liabilities component (payments) without netting the positions.

(million euros)	2023	2022
Interest expense paid	(2,103)	(1,668)
Interest income received	597	562
Net total	**(1,506)**	**(1,106)**

To consider the components of CCIRS derivatives as a single transaction, a representation is given with interest flows in and out shown net. This approach gives the following results:

(million euros)	2023	2022
Interest expense paid	(1,741)	(1,297)
Interest income received	235	191
Net total	**(1,506)**	**(1,106)**

National Recovery and Resilience Plan (NRRP)

Introduction

In August 2022, the TIM Group ("TIM") signed agreements with Infratel ("Distributing Entity"), relating to the award of three infrastructure tenders in the sector, for public grants to finance investment projects concerning the construction of new telecommunications infrastructure and related access equipment.

In these three tenders, which contain a clawback clause[1], TIM has won about 50% of the lots planned for **ITALIA 1G Plan ("1G")** in temporary consortium (RTI) with FiberCop; all tenders for the **5G Backhauling Plan ("5G_BH")**; the entire tender for the **5G Coverage Plan ("5G_CO")** in temporary consortium (RTI) with INWIT and Vodafone.

The 3 calls involve investments and undertakings by TIM until June 30, 2026, with interim half-yearly milestones. The total value is approximately 3.6 billion euros, with a booked contribution of 2.5 billion euros. Specifically:

- the 1G tender is for eligible investments of 2.6 billion euros and a contribution of 1.6 billion euros (average financeable capex of 62%);
- the 5G_BH tender is for eligible investments of 0.8 billion euros and a contribution of 0.725 billion euros (average financeable capex of 89%);
- the 5G_CO tender is for eligible investments of 0.158 billion euros and a contribution of 0.142 billion euros (average financeable capex of 89%).

Failure to achieve the milestones will lead to a penalty notice — reducing the contribution to be granted — which is recoverable within the next two milestones (i.e. within 12 months).

ITALIA 1G Plan

The Plan anticipates the creation of 2.9 million "address numbers" (this number was halved following the walk-in stage) and involves: the adaptation of fiber telecommunications networks; connectivity for consumer, business and public administration (PA) customers; dedicated connections for PA customers; and XGSPON technology coverage with download connections starting from 1 Gb.

5G Backhauling Plan

The Plan involves equipping mobile radio sites with fiber optic backhauling (BH) and connectivity on a high-performance, reliable and enabling transport network for all 5G services. These infrastructures will be made available in their entirety to all 5G mobile radio operators.

5G Coverage Plan

The Plan involves building new network infrastructure for the development of 5G mobile radio services, with the objective of achieving a transmission speed, under usual peak traffic conditions, of at least 150 Mbit/s in downlink and 30 Mbit/s in uplink.

Summary of Tenders

Every week, TIM sends weekly Infratel the official project tracking, communicating the status of the addresses/sites and the progress of the projects. In addition, every two weeks, a technical works update (in Italian: SAL) is held with the Distributing Entity to discuss the above-mentioned progress, critical issues and shared solutions to ensure that the plans proceed as expected.

Finally, every six months (i.e. at each milestone), TIM provides the Distributing Entity with a final summary of the addresses and sites, the progress made, and the planning of the next milestone.

Tender Advances

On May 12, 2023, INWIT (as representative for the 5G Coverage Plan) asked Infratel to activate and disburse a 20% advance payment (pursuant to art. 35, paragraph 18 of the Procurement Code); this advance may (at the discretion of Infratel) be increased up to a maximum of 30% in application of the "NRRP Decree".

On May 25 and 26, 2023, TIM asked Infratel to activate and disburse an advance payment for Plan 1G (representing the temporary consortium) and Plan 5G_BH, in the same manner as described above.

On November 28, 2023, Infratel agreed to the request to advance 30% of the total grant awarded for the 1G and 5G Plans, setting forth a progressive recovery method whereby 40% of the payable grant would be applied at each technical works update (SAL) up to the amount advanced.

As a condition precedent for the disbursement of advances, bank/insurance guarantees were issued for the full amount advanced, plus statutory interest.

These guarantees were issued to TIM by banks and insurance companies on December 21 and 22, 2023.

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1 It indicates the contractual provision that allows the monitoring of the profitability of the investment by quantifying any additional profits deriving from the comparison of active/passive revenues and the costs incurred for maintenance, reconfiguration, active equipment or other costs related to the provision of services.

The table below shows the amounts awarded, together with the advances for each plan:

(million euros)

Plan	Amount awarded	% requested	Advance	Advance to TIM	Advance to consortium (RTI)
1G	1,628	30 %	488		
5G_BH	725	30 %	217		
5G_CO	346	30 %		53	104
TOTAL	**2,699**		**705**	**53**	**104**
			758		

Guarantees issued:

(million euros)

Plan	Guarantee amount	Guarantee type	Total premiums/fees
1G	208	Bank	10
	317	Insurance	9
5G_BH	234	Insurance	10
5G_CO	112	Bank	57
TOTAL	**871**		**86**

On December 29, 2023, after receiving the advance from Infratel, INWIT transferred part of its advance allocated for the 5G_CO tender to TIM.

The advance for the 1G and 5G tenders was disbursed by Infratel on December 28, 2023. The advance for 5G_BH was credited on December 29, 2023. Due to a delay on the bank's side, the advance for the 1G tender was credited on January 2, 2024. Infratel requested that the value date be changed to December 29, 2023.

The advances credited for the 5G_BH and 5G_CO tenders are recognised in Cash and cash equivalents and those for the 1G tender in short-term financial receivables, whereas for all tenders a contra-entry has been recognised to Miscellaneous payables to Infratel for the advances received.

NOTE 18
FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies of the TIM Group

The TIM Group is exposed to the following financial risks in the ordinary course of its business operations:

- Market risk: stemming from changes in interest rates and exchange rates in connection with financial assets that have been originated and financial liabilities that have been assumed;
- Credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the liquidity investments of the Group;
- Liquidity risk: connected with the need to meet short-term financial commitments.

These financial risks are managed by:

- the establishment, at central level, of guidelines for directing operations;
- the work of an internal committee that monitors the level of exposure to market risks in accordance with pre-established general objectives;
- the identification of the most suitable financial instruments, including derivatives, to reach pre-established objectives;
- the monitoring of the results achieved;
- the exclusion of the use of financial instruments for speculative purposes.

The policies for the management and the sensitivity analyses of the above financial risks by the TIM Group are described below.

Identification of risks and analysis

The TIM Group is exposed to market risks, as a result of changes in interest rates and exchange rates, in the markets in which it operates or has bond issues, mainly in Europe, the United States and Latin America.

The financial risk management policies of the TIM Group are directed towards diversifying market risks, hedging exchange rate risk in full and minimizing interest rate exposure by an appropriate diversification of the portfolio, which is also achieved by using carefully selected derivative financial instruments.

The Group defines an optimum composition of its debt structure by balancing fixed and variable-rates and uses derivative financial instruments to achieve that debt composition. In consideration of the Group's operating activities, the optimum combination of medium/long-term non-current financial liabilities has been identified, on the basis of the nominal value, in the 65%-85% range for the fixed-rate component and in the 15%-35% range for the variable-rate component.

In managing market risk, the Group has adopted Guidelines on "Management and control of financial risk" and mainly uses the following financial derivatives:

- Interest Rate Swaps (IRS), to modify the profile of the original exposure to interest rate risks on loans and bonds, both fixed and variable;
- Cross Currency and Interest Rate Swaps (CCIRS) and Currency Forwards, to convert loans and bonds issued in currencies other than euro – principally in US dollars and British pounds – to the functional currencies of the operating companies.

Derivative financial instruments are designated as fair value hedges for managing exchange rate and interest rate risks on instruments denominated in currencies other than euro and for managing interest rate risk on fixed-rate loans in euros. Derivative financial instruments are designated as cash flow hedges when the objective is to pre-set the exchange rate of future transactions and the interest rate.

All derivative financial instruments are entered into with banking and financial counterparties with at least a “BBB-” rating from Standard & Poor’s or an equivalent rating and a non-negative outlook. The exposure to the various market risks can be measured by sensitivity analyses, as set forth in IFRS 7. This analysis illustrates the effects produced by a given and assumed change in the levels of the relevant variables in the various reference markets (exchange rates, interest rates and prices) on finance income and expenses and, at times, directly on equity. The sensitivity analysis was performed based on the suppositions and assumptions indicated below:

- sensitivity analyses were performed by applying reasonably likely changes in the relevant risk variables to the amounts in the consolidated financial statements at December 31, 2023;
- changes in value of fixed-rate financial instruments, other than derivatives, produced by changes in the reference interest rates, generate an impact on profit only when, in accordance with IAS 39 and IFRS 9, they are accounted for at their fair value through profit and loss. All fixed-rate instruments, which are accounted for at amortized cost, are not subject to interest rate risk as defined by IFRS 7;

- in the case of fair value hedge relationships, fair value changes of the underlying hedged item and of the derivative instrument, due to changes in the reference interest rates, offset each other almost entirely in the income statement for the year. As a result, these financial instruments are not exposed to the interest rate risk;
- changes in the value of designated financial instruments in a cash flow hedge relationship, produced by changes in interest rates, generate an impact on the debt level and on equity; accordingly, they are included in this analysis;
- the changes in value, produced by changes in the reference interest rates, of variable-rate financial instruments, other than derivatives, which are not part of a cash flow hedge relationship, generate an impact on the finance income and expenses for the year; accordingly they are included in this analysis.

Exchange rate risk – Sensitivity analysis

At December 31, 2023 (and also at December 31, 2022), the exchange rate risk of the Group’s loans denominated in currencies other than the functional currency of the single companies' financial statements was hedged in full. Accordingly, a sensitivity analysis was not performed on the exchange rate risk.

Interest rate risk – Sensitivity analysis

The change in interest rates on the variable component of payables and liquidity may lead to higher or lower finance income and expenses, while changes in the level of the expected interest rate affect the fair value measurement of the Group's derivatives. In particular:

- with regard to derivatives that convert the liabilities contracted by the Group to fixed rates (cash flow hedging), in line with international accounting standards that regulate hedge accounting, the fair value (mark-to-market) measurement of such instruments is set aside in a specific unavailable Equity reserve. The combined change of the numerous market variables to which the mark-to-market calculation is subject between the transaction inception date and the measurement date renders any assumption about the trend of the variables of little significance. As the contract expiration date approaches, the accounting effects described will gradually be absorbed until they cease to exist;
- if at December 31, 2023 the interest rates in the various markets in which the TIM Group operates had been 100 basis points higher/lower compared to the actual rates, then higher/(lower) finance expenses, before the income tax effect, would have been recognized in the consolidated income statement of 42 million euros (53 million euros at December 31, 2022).

Allocation of the financial structure between fixed rate and variable rate

As for the allocation of the financial structure between the fixed-rate component and the variable-rate component, for both financial assets and liabilities, reference should be made to the following tables. These tables have been prepared by taking into account the nominal repayment/investment amount (since that amount expresses the effective interest rate exposure of the Group) and, as far as financial assets are concerned, the intrinsic nature (financial characteristics and duration) of the transactions under consideration rather than the stated contractual terms alone. Bearing that in mind, a transaction whose characteristics (short or very short time frame and frequent renewal) are such that the interest rate is periodically reset on the basis of market parameters, even though the contract does not call for re-fixing the interest rate (as in the case of bank deposits), has been considered in the variable rate category.

Total Financial liabilities (at the nominal repayment amount)

(million euros)	12.31.2023			12.31.2022		
	Rate fixed	Rate variable	Total	Rate fixed	Rate variable	Total
Bonds	16,812	1,234	18,046	15,564	1,988	17,552
Loans and other financial liabilities	5,463	6,057	11,520	5,414	6,516	11,930
Total non-current financial liabilities (including the current portion of medium/long-term financial liabilities)	**22,275**	**7,291**	**29,566**	**20,978**	**8,504**	**29,482**
Total current financial liabilities	**1,123**	**254**	**1,377**	**689**	**420**	**1,109**
Total	**23,398**	**7,545**	**30,943**	**21,667**	**8,924**	**30,591**

Total Financial assets (at the nominal investment amount)

(million euros)	12.31.2023			12.31.2022		
	Rate fixed	Rate variable	Total	Rate fixed	Rate variable	Total
Cash and cash equivalents	—	2,294	2,294	—	2,621	2,621
Securities	1,515	1,044	2,559	1,520	908	2,428
Other receivables	1,365	9	1,374	1,085	63	1,148
Total	**2,880**	**3,347**	**6,227**	**2,605**	**3,592**	**6,197**

With regard to variable-rate financial instruments, the contracts provide for revisions of the related parameters to take place within the subsequent 12 months.

Effective interest rate

As to the effective interest rate, for the categories where that parameter can be determined, such parameter refers to the original transaction net of the effect of any derivative hedging instruments.

The disclosure, which is provided by class of financial asset and liability, has been determined, for purposes of calculating the weighted average, using the carrying amount adjusted by accruals, prepayments, deferrals and fair value adjustments: this is therefore the amortized cost, net of accruals and any changes in fair value, as a consequence of hedge accounting.

Total Financial Liabilities

(million euros)	12.31.2023		12.31.2022	
	Adjusted carrying amount	Effective interest rate (%)	Adjusted carrying amount	Effective interest rate (%)
Bonds	18,019	5.68	17,504	4.67
Loans and other financial liabilities	13,467	5.62	13,530	4.78
Total	**31,486**	**5.65**	**31,034**	**4.72**

Total Financial assets

(million euros)	12.31.2023		12.31.2022	
	Adjusted carrying amount	Effective interest rate (%)	Adjusted carrying amount	Effective interest rate (%)
Cash and cash equivalents	2,294	2.83	2,621	0.93
Securities	2,559	5.16	2,428	1.28
Other receivables	828	0.84	188	3.11
Total	**5,681**	**3.59**	**5,237**	**1.17**

As for financial assets, the weighted average effective interest rate is not essentially influenced by the existence of derivatives.

As for market risk management using derivatives, reference should be made to Note 19 "Derivatives".

Credit risk

Exposure to credit risk for the TIM Group consists of possible losses that could arise from the failure of either commercial or financial counterparties to fulfill their assumed obligations. To measure this risk over time for impairment of financial assets (trade receivables due from customers included), the introduction of IFRS 9 required switching from the incurred loss model pursuant to IAS 39 to the expected credit loss model.

Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors.

TIM Group's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets and trade receivables recorded in the financial statements, excluding guarantees received, described in Note 25 "Disputes and pending legal actions, other information, commitments and guarantees".

Risk related to trade receivables is managed using customer scoring and analysis systems. For specific categories of trade receivables, the Group also makes use of factoring, mainly on a "non-recourse" basis.

Provision charges for bad debts are recorded for specific credit positions that have an element of individual risk. On credit positions that do not have such characteristics, provisions are raised by customer segment according to the average uncollectibility estimated on the basis of statistical indicators. Further details are provided in the Note "Trade and miscellaneous receivables and other current assets".

Financial assets other than trade receivables are written down for impairment on the basis of a general model which recognizes expected credit losses over the following 12 months, or over the residual life of the asset in the event of a substantial worsening of its credit risk. The expected credit loss is calculated based on the default probability and the percentage of credit that cannot be recovered in the event of a default (the loss given default).

The model adopted to calculate the expected credit loss is based on the Bloomberg Credit Risk Model, a model developed by Bloomberg which, starting from Merton's distance-to-default ("DD") concept, estimates the probability of default together with the recovery rate. At the same time, the loss given default is defined as the non-recoverable component of the post-default financial asset.

In particular, the DD - based on balance sheet data - is enriched with a series of additional information by country (macroeconomic, risk), business sector and individual company, as well as accounting adjustments aimed at ensuring uniformity of the model's outputs; finally, through a non-linear function of the DD, the default probability is obtained.

In order to improve credit risk management and relieve pressure on working capital, with specific reference to the offers for the Consumer and Small Business market involving the option of paying for products by installments, starting 2021, the company TIMFin has been operating, the result of the corporate joint venture between Santander Consumer Bank (SCB) and TIM.

Moreover, as regards credit risk relating to the asset components which contribute to the determination of "Net financial debt", it should be noted that the management of the Group's liquidity is guided by conservative criteria and is principally based on the following:

- Money market management: the investment of temporary excess cash resources;
- Bond portfolio management: the investment of medium-term liquidity, as well as the improvement of the average yield of the assets.

In order to mitigate the risk of the non-fulfillment of the obligations undertaken by the counterparty, deposits of the European companies are made with leading banking and financial institutions rated no lower than investment grade and with a non-negative outlook, and investments by the companies in South America are made with leading local counterparties. Moreover, deposits are made generally for periods of less than three months. With regard to other temporary investments of liquidity, there is a bond portfolio in which the investments have a low risk level. All investments have been carried out in compliance with the Group Guidelines on "Management and control of financial risk".

In order to minimize credit risk, the Group also pursues a diversification policy for its investments of liquidity and allocation of its credit positions among different banking counterparties. Consequently, there are no significant positions with any one single counterparty.

Liquidity risk

The Group pursues the objective of achieving an "adequate level of financial flexibility", which is expressed by maintaining a current treasury margin to cover the refinancing requirements at least for the next 12 months with irrevocable bank lines and liquidity.

At December 31, 2023, the liquidity margin available for the TIM Group is 8,695 million euros, with a decrease of 306 million euros with respect to end 2022 (9,001 million euros).

19% of gross financial debt at December 31, 2023 (nominal repayment amount) will become due in the next 12 months.

Current financial assets at December 31, 2023, together with unused committed bank lines, are sufficient to fully cover the Group’s financial liabilities due for the next 24 months.

The following tables report the contractual cash flows, not discounted to present value, relating to gross financial debt at nominal repayment amounts and the interest flows, determined using the terms and the interest and exchange rates in place at December 31, 2023. The portions of principal and interest of the hedged liabilities includes both the disbursements and the receipts of the related hedging instruments. Specifically, the interest portions of "Loans and other financial liabilities" also include those relating to derivatives hedging for both loans and bonds.

Financial liabilities – Maturities of contractually expected disbursements

		maturing by 12/31 of the year:						
(million euros)		**2024**	**2025**	**2026**	**2027**	**2028**	**After 2028**	**Total**
Bonds	Principal	2,867	2,220	1,970	1,470	3,214	6,305	18,046
	Interest portion	953	830	741	649	545	3,159	6,877
Loans and other financial liabilities (*)	Principal	982	1,080	1,588	423	2,040	(87)	6,026
	Interest portion	200	135	65	(19)	(43)	(440)	(102)
Finance lease liabilities	Principal	751	612	578	537	471	2,545	5,494
	Interest portion	374	334	293	249	210	724	2,184
Non-current financial liabilities	**Principal**	**4,600**	**3,912**	**4,136**	**2,430**	**5,725**	**8,763**	**29,566**
	Interest portion	**1,527**	**1,299**	**1,099**	**879**	**712**	**3,443**	**8,959**
Current financial liabilities	**Principal**	**1,377**	**—**	**—**	**—**	**—**	**—**	**1,377**
	Interest portion	**44**	**—**	**—**	**—**	**—**	**—**	**44**
Total	**Principal**	**5,977**	**3,912**	**4,136**	**2,430**	**5,725**	**8,763**	**30,943**
	Interest portion	**1,571**	**1,299**	**1,099**	**879**	**712**	**3,443**	**9,003**

(*) These include hedging and non-hedging derivatives.

Derivatives on financial liabilities – Contractually expected interest flows

(million euros)	maturing by 12/31 of the year: 2024	2025	2026	2027	2028	After 2028	Total
Disbursements	342	309	308	308	289	1,471	3,027
Receipts	(409)	(370)	(369)	(369)	(354)	(1,978)	(3,849)
Hedging derivatives – net (receipts) disbursements	**(67)**	**(61)**	**(61)**	**(61)**	**(65)**	**(507)**	**(822)**
Disbursements	188	62	152	141	121	35	699
Receipts	(142)	(42)	(151)	(146)	(133)	(32)	(646)
Non-Hedging derivatives – net (receipts) disbursements	**46**	**20**	**1**	**(5)**	**(12)**	**3**	**53**
Total net disbursements (receipts)	**(21)**	**(41)**	**(60)**	**(66)**	**(77)**	**(504)**	**(769)**

Market value of derivative instruments

In order to determine the fair value of derivatives, the TIM Group uses various valuation models.

The mark-to-market calculation is determined by the present value discounting of the interest and notional future contractual flows using market interest rates and exchange rates.

The notional amount of IRS does not represent the amount exchanged between the parties and, therefore, is not a measurement of credit risk exposure, which, instead, is limited to the amount of the difference between the interest rates paid/received.

The market value of CCIRSs, on the other hand, also depends on the differential between the reference exchange rate at the date of signing the contract and the exchange rate at the date of measurement, since CCIRSs involve the exchange of the reference interest and principal, in the respective denomination currencies.

The options are measured according to the Black & Scholes or Binomial models and involve the use of various measurements factors, such as: the lifetime horizon of the option, the risk-free rate of return, current price, volatility and any cash flows (e.g. dividend) of the underlying financial instrument, and the exercise price.

NOTE 19
DERIVATIVES

For hedge accounting we continued to apply the rules established by IAS 39.

Derivative financial instruments are used by the TIM Group to hedge its exposure to foreign exchange rate risk, to manage interest rate risk and to diversify the parameters of debt so that costs and volatility can be reduced to within predetermined operational limits.

Derivative financial instruments existing at December 31, 2023 are principally used to manage debt positions. They include interest rate swaps (IRSs) used to reduce the interest rate exposure of fixed-rate bank loans and bonds, as well as cross currency and interest rate swaps (CCIRSs), currency forwards and foreign exchange options to convert the loans/receivables secured in currencies different from the functional currencies of the various Group companies.

IRS transactions, provide for or may entail, at specified maturity dates, the exchange of flows of interest, calculated on the notional amount, at the agreed fixed or variable rates.

The same also applies to CCIRS transactions which, in addition to the settlement of periodic interest flows, may provide for the exchange of principal, in the respective currencies of denomination, at maturity and possibly spot.

Hedges: economic relationship between underlying instrument and derivatives

Hedging relationships recorded in hedge accounting at 12/31/2023 belong to a single item: hedging of cash flows from income flows of bond issues.

The hedged risk is represented by the variability in cash flows (and the repayment of the nominal amount) generated by exchange rates; hedging comprises combinations of IRS and CCIRS that synthetically transform fixed rate foreign currency income flows into fixed rate euro flows. In this case, exchange rate fluctuations will usually produce contrary effects on the underlying asset and on the derivative, as the asset leg of the latter faithfully reflects the underlying asset, while the liability leg is denominated in euro and is therefore insensitive to the exchange rate.

Hedges: determination of the hedge ratio

The types of hedging implemented by the Group require the adoption of a hedge ratio equal to 1:1, as the types of risk hedged (interest rate and exchange rate risks) are such as to generate economic effects in the underlying instruments that can only be offset by the same notional quantities of derivative instruments.

Hedges: potential sources of ineffectiveness

The contractualization of derivatives to hedge financial risks takes place at arm's length and aims to completely neutralize the effects produced by such instruments.

However, in practice, hedges (although financially perfect) may not guarantee an absolute accounting effectiveness due to the many counterparty banks involved, to the peculiar nature of certain derivatives in terms, for example, of fixing and/or indexing of variable parameters, and to the possible imperfect coincidence between critical terms.

The first table indicates total financial derivatives of the TIM Group at December 31, 2023 and 2022; in compliance with standard IFRS 7, notional amounts are shown with reference to all the derivative instruments involved in the hedges.

The following tables break down financial derivatives by type of risk for each kind of hedging, separating financial assets and liabilities. For CCIRS, the notional amount refers to the contractual value in euros, for IRS in a currency other than the euro, the value is indicated at the market exchange rate.

Type (million euros)	**Hedged risk**	**Notional amount at 12/31/2023**	**Notional amount at 12/31/2022**	**Mark to Market Spot* (Clean Price) at 12.31.2023**	**Mark to Market Spot* (Clean Price) at 12/31/2022**
Interest rate swaps	Interest rate risk		300	—	—
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	—	—	—	—
Total Fair Value Hedge Derivatives		**—**	**300**	**—**	**—**
Interest rate swaps	Interest rate risk	4,474	4,994	130	249
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	4,841	5,184	417	770
Total Cash Flow Hedge Derivatives		**9,315**	**10,178**	**547**	**1,019**
Total Non-Hedge Accounting Derivatives		**1,205**	**2,638**	**44**	**23**
Total TIM Group's Derivatives		**10,520**	**13,116**	**591**	**1,042**

* Spot Mark-to-market above represents the market measurement of the derivative net of the accrued portion of the flow in progress.

The positions in non-hedge accounting derivatives also include IRS Euros for a total notional amount of 1,400 million euros; specifically, these are fair value hedges of bond loans in euros, maturing in January 2024 and which were discontinued in 2021.

In the same item the following are also noted:

- the value - equal to a fair value of 15 million euros (liabilities) - of the rights envisaged in the Transaction Agreement in the favor of Teemo Bidco Sarl, as minority shareholder, under the scope of the FiberCop transaction;
- the value of the right held by TIM Brasil to subscribe shares of the Brazilian C6 Bank - of 94 million euros - on the basis of a commercial agreement signed by the two companies in March 2020.

Fair value hedges (million euros)	Accounting item		Notional value	Carrying amount	Change in fair value for the
Interest rate swaps	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets.	a)		—	
Assets				—	
Liabilities				–	
Cross Currency and Interest Rate Swaps (CCIRS)	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets.	b)	–	–	–
Assets				–	
Liabilities				–	
Derivative instruments (spot value)		a)+b)		—	
Accruals					
Derivative instruments (gross value)					
Underlying instruments (1)	Bonds - Current/non-current liabilities				
of which fair value adjustment	Fair value adjustment and measurements at amortized cost	c)		—	
Ineffectiveness		a)+b)+c)			
Fair value adjustment for hedging settled in advance (2)				(55)	

(1) Includes the amortized cost value of bonds currently hedged plus the fair value adjustment.
(2) Referred to bonds no longer hedged, which are therefore not presented in the table.

Cash flow hedges (million euros)	Accounting item		Notional value	Carrying amount	Change in fair value for the year	Change in cumulative fair value
Interest rate swaps	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets.	a)	**4,474**	**130**	**(119)**	
Assets				389	(14)	
Liabilities				(259)	(105)	
Cross Currency and Interest Rate Swaps (CCIRS)	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets.	b)	**4,841**	**417**	**(353)**	
Assets				600	(381)	
Liabilities				(183)	28	
Derivative instruments (spot value)		a)+b)	**9,315**	**547**	**(472)**	
Accruals				74		
Derivative instruments (gross value)				**621**		
of which equity reserve gains and losses					(191)	
Determination of ineffectiveness						
Change in derivatives		c)				162
Change in underlying instruments [3]		d)				(158)
Ineffectiveness [4]	Positive fair value adjustment of financial derivatives - non-hedging	c)+d)				7
Equity reserve						
Equity reserve balance				(96)		
of which due to the fair value of hedging settled in advance					—	
Reclassification to P&L	Negative reversal of the reserve for the fair value adjustment of hedging derivatives (cash flow hedges)				3	

(3) Hypothetical derivatives used in measuring the effectiveness of cash flow hedges.
(4) The ineffectiveness, due to its nature and calculation, does not necessarily coincide with the difference in cumulative changes in the fair value of derivatives and the underlying instrument; the effect due to the adoption of CVA/DVA is not considered.

The change in the equity reserve attributable to the effective hedging component is equal to -190 million euros.

Changes in the equity cash flow hedge reserve (million euros)	Balance 12/31/2022	Change				Balance 12/31/2023
		Hedging instrument gains / losses	Reversal from reclassification	Reversal from fair value adjustment of hedging settled in advance	Total change	
	87					(103)
Change in the effective fair value of derivatives		(199)				
Change in the CVA/DVA		1				
Reversal for ineffectiveness 2019			3			
Amortization in P&L of the fair value of hedging settled in advance				5		
Overall change					**(190)**	

None of the parameters represented includes any income tax effect.

The transactions hedged by cash flow hedges will generate cash flows and produce economic effects in the income statement in the periods indicated in the following table:

Denomination currency	**Notional amount in denomination currency** (millions)	**Start of period**	**End of period**	**Rate applied**	**Interest period**	**Hedging of notional amount in euro**	**Hedging of rate in euro**
JPY*	20,000	Jan-24	Oct-29	5.000%	Semiannuall	174	5.940%
JPY**	20,000	Jan-24	Oct-29	0.750%	Semiannuall	138	0.696%
USD	1,000	Jan-24	Nov-33	6.375%	Semiannuall	849	5.994%
USD	1,500	Jan-24	May-24	5.303%	Semiannuall	1,321	4.180%
USD	1,000	Jan-24	Sept-34	6.000%	Semiannuall	794	4.332%
USD	1,000	Jan-24	July-36	7.200%	Semiannuall	791	5.884%
USD	1,000	Jan-24	Jun-38	7.721%	Semiannuall	645	7.451%

* Income cash flows are denominated in USD and calculated on a notional amount of USD 187.6 million.
** Hedging of the sole income cash flow following a step-up on the loan.

For hedge accounting purposes, the Volatility Risk Reduction (VRR) Test was chosen to test the retrospective and prospective effectiveness of all hedges. This test assesses the ratio between the portfolio risk (meaning the derivative and the item hedged) and the risk of the hedged item taken individually. In essence, the portfolio risk must be significantly lower than the risk of the hedged item.

NOTE 20

SUPPLEMENTARY DISCLOSURES ON FINANCIAL INSTRUMENTS

Measurement at fair value

For the purposes of the comparative information between the carrying amounts and fair value of financial instruments, required by IFRS 7, the majority of the non-current financial liabilities of the TIM Group consist of bonds, whose fair value is directly observable in the financial markets, as they are financial instruments that due to their size and diffusion among investors, are commonly traded on the relevant markets (see the Note "Non-current and current financial liabilities"). For other types of financing, however, the following assumptions have been made in determining fair value:

- for variable-rate loans, the nominal repayment amount has been assumed; for fixed-rate loans:
- for fixed-rate loans, the present value of future cash flows at the market interest rates of December 31, 2023 has been assumed;
- the carrying amount has been used for some types of loans granted by government institutions for social development purposes, for which fair value cannot be reliably calculated.

Lastly, for the majority of financial assets, their carrying amount is a reasonable approximation of their fair value, since these are short-term investments that are readily convertible into cash.

The fair value measurement of the financial instruments of the Group has been classified in the three levels set out in IFRS 7.In particular, the fair value hierarchy introduces the following levels of input:

- Level 1: quoted prices in active markets;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The following tables contain, for assets and liabilities at December 31, 2023 and December 31, 2022 and in accordance with the categories established by IFRS 9, the supplementary disclosures on financial instruments required by IFRS 7 and the schedules of gains and losses. They do not include Discontinued operations/Non-current assets held for sale and Liabilities directly associated with Discontinued operations/Non-current assets held for sale.

Key for IFRS 9 categories

	Acronym
Financial assets measured at:	
Amortized cost	AC
Fair Value Through Other Comprehensive Income	FVTOCI
Fair Value Through Profit or Loss	FVTPL
Financial liabilities measured at:	
Amortized cost	AC
Fair Value Through Profit or Loss	FVTPL
Hedge Derivatives	HD
Not applicable	n.a.

Carrying amount and fair value hierarchy for each category/class of financial asset/liability and comparison with their fair value at 12/31/2023

(million euros)	IFRS 9 categories	notes	Carrying amount in financial statements at 12/31/2023	Amounts recognized in financial statements: Amortized cost	Amounts recognized in financial statements: Fair value through other comprehensive income	Amounts recognized in financial statements: Fair value through profit or loss	Levels of hierarchy of fair value: Level 1	Levels of hierarchy of fair value: Level 2	Levels of hierarchy of fair value: Level 3	Carrying amount under IFRS 16	Fair Value at 12/31/2023
ASSETS											
Financial assets measured at amortized cost	AC		**6,656**	**6,656**	**—**	**—**					**6,656**
Non-current assets											
Receivables from employees		(10)	*31*	*31*							
Other financial receivables		(10)	*9*	*9*							
Miscellaneous non-current receivables		(11)	*154*	*154*							
Current assets											
Receivables from employees		(10)	*24*	*24*							
Other short-term financial receivables		(10)	*491*	*491*							
Cash and cash equivalents		(10)	*2,912*	*2,912*							
Trade receivables		(14)	*2,907*	*2,907*							
Other current receivables		(14)	*60*	*60*							
Contract assets		(14)	*68*	*68*							
Financial assets measured at fair value through other comprehensive income	FVTOCI		**1,616**	**—**	**1,616**	**—**					**1,616**
Non-current assets											
Other investments		(9)	*100*		*100*		*36*	*23*	*41*		
Securities other than investments		(10)	*—*		*—*		*—*				
Current assets											
Trade receivables		(14)			*—*						
Securities other than investments		(10)	*1,516*		*1,516*		*1,516*				
Financial assets measured at fair value through profit or loss	FVTPL		**558**	**—**	**—**	**558**					**558**
Non-current assets											
Other investments		(9)	*40*			*40*	*10*	*30*			
Non-hedging derivatives		(10)	*95*			*95*		*95*	*—*		
Current assets											
Securities other than investments		(10)	*366*			*366*	*366*				
Non-hedging derivatives		(10)	*57*			*57*		*57*			
Hedge Derivatives	HD		**1,085**	**—**	**1,085**	**—**					**1,085**
Non-current assets											
Hedge Derivatives		(10)	*968*		*968*	*—*		*968*	*—*		
Current assets											
Hedge Derivatives		(10)	*117*		*117*	*—*		*117*	*—*		
Financial receivables for lease contracts	n.a.		**274**							**274**	**274**
Non-current assets		(10)	*112*							*112*	
Current assets		(10)	*162*							*162*	
Total			**10,189**	**6,656**	**2,701**	**558**	**1,928**	**1,290**	**41**	**274**	**10,189**

The financial instruments belonging to hierarchy level 3 of fair value are represented by the following Other investments recognized as Non-current assets, for which directly or indirectly observable prices on the market are not available:

- Northgate CommsTech Innovations Partners L.P.;
- UV T-Growth;
- Other minor companies.

Northgate CommsTech Innovations Partners L.P. and UV-T Growth was measured based on the latest available Net Asset Values reported by the fund managers.

The other minor companies were measured on the basis of an analysis, deemed reliable, of their main assets and liabilities.

The profit/(loss) recognized in Other components of the Consolidated Statements of Comprehensive Income were recognized within the scope of the Reserve for financial assets measured at fair value through other comprehensive income.

(million euros)	IFRS 9 categories	notes	Carrying amount in financial statements at 12/31/2023	Amounts recognized in financial statements			Levels of hierarchy of fair value			Carrying amount under IFRS 16	Fair Value at 12/31/2023
				Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Level 1	Level 2	Level 3		
LIABILITIES											
Financial liabilities measured at amortized cost	AC/HD		**32,173**	**32,173**							**32,192**
Non-current liabilities											
Medium and long-term financial payables and other liabilities		(16)	*20,872*	*20,872*							
Current liabilities											
Short-term financial payables and other liabilities		(16)	*5,654*	*5,654*							
Trade and miscellaneous payables and other current liabilities		(24)	*5,542*	*5,542*							
Contract liabilities		(24)	*105*	*105*							
Financial liabilities measured at fair value through profit or loss	FVTPL		**66**			**66**					**66**
Non-current liabilities											
Non-hedging derivatives		(16)	*15*			*15*		*—*	*15*		
Current liabilities											
Non-hedging derivatives		(16)	*51*			*51*		*51*	*—*		
Hedge Derivatives	HD		**463**		**463**	**—**					**463**
Non-current liabilities											
Hedge Derivatives		(16)	*397*		*397*	*—*		*397*	*—*		
Current liabilities											
Hedge Derivatives		(16)	*66*		*66*	*—*		*66*	*—*		
Finance lease liabilities	n.a.		**5,581**							**5,581**	**5,693**
Non-current liabilities		(16)	*4,743*							*4,743*	
Current liabilities		(16)	*838*							*838*	
Total			**38,283**	**32,173**	**463**	**66**	**—**	**514**	**15**	**5,581**	**38,414**

Note that financial liabilities include a financial instrument for an amount of 15 million euros, belonging to hierarchy level 3 of fair value, for which directly or indirectly observable prices on the market are not available. This financial liability refers to the rights envisaged in the Transaction Agreement in the favor of Teemo Bidco Sarl, as minority shareholder, under the scope of the FiberCop transaction.

The measurement of the economic value of the financial liability has been taken using a valuation model defined internally by TIM. Through an econometric approach, the correlation has been first estimated between the targets set at a national level and a series of macro economic and social-demographic variables. Then taking into account the uncertainty as to how these variables will evolve and the market share of FiberCop, through Monte Carlo simulation, a series of possible developments of the phenomenon was calculated and the expected value of the financial liability, determined.

Carrying amount and fair value hierarchy for each category/class of financial asset/liability and comparison with their fair value at 12/31/2022

(million euros)	IFRS 9 categories	notes	Carrying amount in financial statements at 12/31/2022	Amounts recognized in financial statements: Amortized cost	Amounts recognized in financial statements: Fair value through other comprehensive income	Amounts recognized in financial statements: Fair value through profit or loss	Levels of hierarchy of fair value: Level 1	Levels of hierarchy of fair value: Level 2	Levels of hierarchy of fair value: Level 3	Carrying amount under IFRS 16	Fair Value at 12/31/2022
ASSETS											
Financial assets measured at amortized cost	AC		**6,888**	**6,888**	**—**	**—**					**6,888**
Non-current assets											
Receivables from employees		(10)	*39*	*39*							
Other financial receivables		(10)	*9*	*9*							
Miscellaneous non-current receivables		(11)	*275*	*275*							
Current assets											
Receivables from employees		(10)	*21*	*21*							
Other short-term financial receivables		(10)	*2*	*2*							
Cash and cash equivalents		(10)	*3,555*	*3,555*							
Trade receivables		(14)	*2,874*	*2,874*							
Other current receivables		(14)	*96*	*96*							
Contract assets		(14)	*17*	*17*							
Financial assets measured at fair value through other comprehensive income	FVTOCI		**1,156**	**—**	**1,156**	**—**					**1,156**
Non-current assets											
Other investments		(9)	*116*		*116*		*56*	*20*	*40*		
Securities other than investments		(10)	—		—		—				
Current assets											
Trade receivables		(14)			—						
Securities other than investments		(10)	*1,040*		*1,040*		*1,040*				
Financial assets measured at fair value through profit or loss	FVTPL		**572**	**—**	**—**	**572**					**572**
Non-current assets											
Non-hedging derivatives		(10)	*119*			*119*		*119*	—		
Current assets											
Securities other than investments		(10)	*406*			*406*	*406*				
Non-hedging derivatives		(10)	*47*			*47*		*47*			
Hedge Derivatives	HD		**1,519**	**—**	**1,518**	**1**					**1,519**
Non-current assets											
Hedge Derivatives		(10)	*1,435*		*1,435*	—		*1,435*	—		
Current assets											
Hedge Derivatives		(10)	*84*		*83*	*1*		*84*	—		
Financial receivables for lease contracts	n.a.		**118**							**118**	**118**
Non-current assets		(10)	*49*							*49*	
Current assets		(10)	*69*							*69*	
Total			**10,253**	**6,888**	**2,674**	**573**	**1,502**	**1,705**	**40**	**118**	**10,253**

(million euros)	IFRS 9 categories	notes	Carrying amount in financial statements at 12/31/2022	Amounts recognized in financial statements			Levels of hierarchy of fair value			Carrying amount under IFRS 16	Fair Value at 12/31/2022
				Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Level 1	Level 2	Level 3		
LIABILITIES											
Financial liabilities measured at amortized cost	AC/HD		**31,939**	**31,939**							**29,975**
Non-current liabilities											
Financial payables (medium/long-term)		(16)	*21,462*	*21,462*							—
Current liabilities											
Financial payables (short-term)		(16)	*4,760*	*4,760*							—
Trade and miscellaneous payables and other current liabilities		(24)	*5,584*	*5,584*							
Contract liabilities		(24)	*133*	*133*							
Financial liabilities measured at fair value through profit or loss	FVTPL		**129**			**129**					**129**
Non-current liabilities											
Non-hedging derivatives		(16)	*43*			*43*		*28*	*15*		
Current liabilities											
Non-hedging derivatives		(16)	*86*			*86*		*86*	—		
Hedge Derivatives	HD		**427**		**427**	**—**					**427**
Non-current liabilities											
Hedge Derivatives		(16)	*234*		*234*	—		*234*	—		
Current liabilities											
Hedge Derivatives		(16)	*193*		*193*	—		*193*	—		
Finance lease liabilities	n.a.		**5,467**							**5,467**	**5,404**
Non-current liabilities		(16)	*4,597*							*4,597*	
Current liabilities		(16)	*870*							*870*	
Total			**37,962**	**31,939**	**427**	**129**	**—**	**541**	**15**	**5,467**	**35,935**

Gains and losses by IAS 9 category - Year 2023

(million euros)	Categories IFRS9	Net gains/(losses) 2023	of which interest
Assets measured at amortized cost	AC	(197)	117
Assets and liabilities measured at fair value through profit or loss	FVTPL	(55)	
Assets measured at fair value through other comprehensive income	FVTOCI	—	
Liabilities measured at amortized cost	AC	(1,366)	1,307
Total		**(1,618)**	**1,424**

Gains and losses by IAS 9 category - Year 2022

(million euros)	IFRS 9 categories	Net gains/(losses) 2022	of which interest
Assets measured at amortized cost	AC	(181)	106
Assets and liabilities measured at fair value through profit or loss	FVTPL	(141)	
Assets measured at fair value through other comprehensive income	FVTOCI	2	
Liabilities measured at amortized cost	AC	(1,056)	940
Total		**(1,376)**	**1,046**

NOTE 21
EMPLOYEE BENEFITS

These decreased by 277 million euros compared to December 31, 2022. The breakdown is as follows:

(million euros)		12.31.2021	Increases/ Present value	Decrease	Exchange differences and other changes	12.31.2022
Provision for employee severance	**(a)**	**678**	**(61)**	**(64)**		**553**
Provisions for pension plans		21	(3)	(2)		16
Provision for termination benefit incentives and corporate restructuring		—	224		(1)	223
Total other employee benefits	**(b)**	**21**	**221**	**(2)**	**(1)**	**239**
Total	**(a+b)**	**699**	**160**	**(66)**	**(1)**	**792**
of which:						
non-current portion		699				684
current portion (*)		—				108

(*) The current portion refers only to Other provisions for employee benefits.

(million euros)		12.31.2022	Increases/ Present value	Decrease	Exchange differences and other changes	12.31.2023
Provision for employee severance	**(a)**	**553**	**25**	**(81)**	**(1)**	**496**
Provision for pension and other plans		16	1	(2)	—	15
Provision for termination benefit incentives and corporate restructuring		223	14	(213)	(20)	4
Total other employee benefits	**(b)**	**239**	**15**	**(215)**	**(20)**	**19**
Total	**(a+b)**	**792**	**40**	**(296)**	**(21)**	**515**
of which:						
non-current portion		684				511
current portion (*)		108				4

(*) The current portion refers only to Other provisions for employee benefits.

The **Provision for employee severance indemnities** refers to only Italian companies and was down 57 million euros. The decreases of 81 million euros relate to indemnities paid during the year to employees who terminated employment or for advances.

The changes recorded in "Increases/Present value" are as follows:

(million euros)	2023	2022
(Positive)/negative effect of curtailment	—	—
Current service cost (*)	—	—
Finance expenses	17	12
Net actuarial (gains) losses for the year	8	(73)
Total	**25**	**(61)**
Effective return on plan assets	there are no assets servicing the plan	

(*) The portions intended for the INPS Treasury Fund or for the supplementary pension funds have been recorded under "Employee benefits expenses" under "Social security expenses". The latter account is used only for the severance indemnity expenses of companies with less than 50 employees.

The net actuarial losses recognized at December 31, 2023 amounted to 8 million euros (net actuarial gains of 73 million euros in 2022), and are essentially connected with both staff turnover and changes to the technical-economic parameters used in the valuation: the inflation rate forecast went from 2.30% at December 31, 2022 to 2.00% at December 31, 2023; the discount rate decreased, going from the 3.63% used at December 31, 2022 to 3.08% at December 31, 2023.

According to Italian law, the severance indemnity to which each employee is entitled depends on the period of service and must be paid when the employee leaves the company. The severance indemnity due upon termination of employment is calculated on the basis of the period of employment and the taxable compensation of each employee. This liability is adjusted annually based on the official cost-of-living index and legally-set interest. The liability is not associated with any vesting condition or period or any funding obligation; accordingly, there are no assets servicing the provision. The liability is recognized net of the partial prepayments of the provision and payments of the amounts obtained by employees for the reasons permitted by the applicable regulations.

Under the regulations introduced by Italian Legislative Decree 252/2005 and Law no. 296/2006 with which, for companies with at least 50 employees, the severance indemnities accruing from 2007 are assigned, as elected by the employees, to either the INPS Treasury Fund or to supplementary pension funds and take the form of a "defined contribution plan".

However, for all companies, the revaluations of the amounts in the provision for employee severance indemnities existing at the election date, and also the amounts accrued and not assigned to supplementary pension plans for companies with less than 50 employees, are retained in the provision for employee severance indemnities. In accordance with IAS 19, the provision has been recognized as a "defined benefit plan".

In application of IAS 19, employee severance indemnities have been calculated using the "Projected Unit Credit Method" as follows:

- the future possible benefits which could be paid to each employee registered in the program in the event of retirement, death, disability, resignation etc. have been projected on the basis of a series of financial assumptions (cost-of-living increases, interest rate, increase in compensation etc.). The estimate of future benefits includes any increases for additional service seniority, as well as the estimated increase in the compensation level at the measurement date – only for employees of companies with less than 50 employees during the year 2006;
- the average present value of future benefits has been calculated, at the measurement date, on the basis of the annual interest rate adopted and of the probability that each benefit actually has to be paid;
- the liability of each company concerned has been calculated as the average present value of future benefits that will be generated by the existing provision at the measurement date, without considering any future accruals (for companies with at least 50 employees during the year 2006) or by identifying the amount of the average present value of future benefits which refer to the past service already accrued by the employee in the company at the measurement date (for the others), i.e. adopting the "service pro-rate".

The following assumptions have been made:

FINANCIAL ASSUMPTIONS	Executives	Non-executives
Inflation rate	**2.00% per annum**	**2.00% per annum**
Discount rate	**3.08% per annum**	**3.08% per annum**
Employee severance indemnities annual increase rate	**3.0% per annum**	**3.0% per annum**
Annual real wage growth:		
equal to or less than 40 years of age	1.0% per annum	1.0% per annum
over 40 but equal to or less than 55 years of age	0.5% per annum	0.5% per annum
over 55 years of age	0.0% per annum	0.0% per annum

DEMOGRAPHIC ASSUMPTIONS	Executives	Non-executives
Probability of death	Mortality tables RG48 published by Ragioneria Generale dello Stato	Mortality tables RG48 published by Ragioneria Generale dello Stato
Probability of disability	INPS tables divided by age and sex	INPS tables divided by age and sex
Probability of resignation:		
up to 40 years of age	2.00%	1.00%
from 41 to 50 years of age	2.00%	0.50%
from 51 to 59 years of age	1.00%	0.50%
from 60 to 64 years of age	None	0.50%
aged 65 and over	None	None
Probability of retirement	100% on achievement of the AGO requirements aligned with D.L. 4/2019	
Probability of receiving at the beginning of the year an advance from the provision for severance indemnities accrued equal to 70%	1.5% per annum	1.5% per annum

The application of the above assumptions resulted in a liability for employee severance indemnities of 496 million euros at December 31, 2023 (553 million euros at December 31, 2022).

Reported below is a sensitivity analysis for each significant actuarial assumption adopted to calculate the liability as at year end, showing how the liability would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, stated in amounts.

The weighted average duration of the obligation of the Parent amounted to 8.3 years.

CHANGES IN ASSUMPTIONS	**Amounts** (million euros)
Turnover rate:	
+0.25 p.p.	—
-0.25 p.p.	—
Annual inflation rate:	
+0.25 p.p.	(15)
-0.25 p.p.	14
Annual discount rate:	
+0.25 p.p.	19
-0.25 p.p.	(20)

The **Provision for pension and other plans** amounted to 15 million euros at December 31, 2023 (16 million euros at December 31, 2022) and mainly represented pension plans in place at foreign companies of the Group.

Provisions for termination benefit incentives and corporate restructuring amounted to 4 million euros at December 31, 2023, decreasing in 2023 by 219 million euros, mainly due to staff departures and the reclassification to debt of amounts not yet paid in relation to plans already set aside in previous years by Italian companies in the Domestic Business Unit.

NOTE 22
PROVISIONS

A decrease of 69 million euros compared to December 31, 2022. The figure breaks down as follows:

(million euros)	12.31.2022	Increase	Taken to income	Used directly	Exchange differences and other changes	12.31.2023
Provision for taxation and tax risks	**89**	18		(3)	25	**129**
Provision for restoration costs	**334**	30	(1)	(11)	(42)	**310**
Provision for legal disputes	**444**	92		(76)	12	**472**
Provision for commercial risks	**362**	57	4	(174)	2	**251**
Provision for risks and charges on investments and corporate-related transactions	**11**	—	—		—	**11**
Other provisions	**14**	1		(3)	—	**12**
Total	**1,254**	**198**	**3**	**(267)**	**(3)**	**1,185**
of which:						
non-current portion	**910**					**679**
current portion	**344**					**506**

The non-current portion of provisions for risks and charges mainly relates to some of the provision for commercial risks, the provision for legal disputes and the provision for restoration costs. More specifically, in accordance with accounting policies, the total amount of the provision for restoration costs is calculated by re-measuring the amounts for which a probable outlay is envisaged, based on the estimated inflation rates for the individual due dates, and subsequently discounted to the reporting date based on the average cost of debt, taking into account expected cash outflows.

The **provision for taxation and tax risks** increased by 40 million euros compared to December 31, 2022.

The **provision for restoration costs** related to the provision for restoration of leased real estate and sites used for mobile telephony and the dismantling of tangible assets (in particular: batteries, wooden poles); it is mainly attributable to the Parent Company TIM S.p.A. (158 million euros), the FiberCop company (127 million euros) and the Brazil Business Unit (24 million euros).

The **provision for legal disputes** included the provision for litigation with other counterparties and employees. The amount at December 31, 2023 included 333 million euros for the Domestic Business Unit and 139 million euros for the Brazil Business Unit.

The **provision for commercial risks** relates to the Domestic Business Unit and mainly the Parent Company TIM S.p.A.. In 2023, it decreased by 111 million euros, mainly in relation to the performance of the provision for contractual risks for onerous contracts (IAS 37) of the Parent Company TIM S.p.A., relating to contracts with certain counterparties for offer of multimedia content and for a connectivity agreement and representative of the net present value of the negative margin connected with these partnerships.

In particular, during the year 2023, the provision for contractual risks for onerous contracts of TIM S.p.A. decreased by 70 million euros mainly as a result of a utilisation of 98 million euros of the provisions for risks recognised in the years 2021 and 2022 only partially offset by the update, made in the year 2023, of the provision for risks related to an existing long-term relationship.

The **provision for risks and charges on investments and corporate-related transactions** is unchanged from December 31, 2022.

Other provisions for risks and charges come to 12 million euros and are essentially attributable to the Domestic Business Unit.

NOTE 23

MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

This item rose by 180 million euros compared to December 31, 2022. The figure breaks down as follows:

(million euros)		12.31.2023	12.31.2022
Miscellaneous payables (non-current)			
Payables to social security agencies		595	400
Income tax payables (*)		—	—
Other payables		24	58
	(a)	**619**	**458**
Other non-current liabilities			
Deferred revenues from customer contracts (Contract liabilities)		103	87
Other deferred revenue and income		329	354
Capital grants		275	247
	(b)	**707**	**688**
Total	(a+b)	**1,326**	**1,146**

(*) Analyzed in the Note "Income tax expense".

Miscellaneous payables (non-current) include:

- **payables to social security agencies** amounting to 595 million euros, mainly relating to the non-current debt position with INPS for the application of the agreements signed with the trade unions relating to the application of Article 4 of Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis of Italian Legislative Decree no. 148/2015 (for further details see the Note “Employee benefits expenses”). This debt position (non-current and current portion) is as follows:

(million euros)	12.31.2023	12.31.2022
Non-current payables		
Due from 2 to 5 years after the end of the reporting period	538	385
Due beyond 5 years after the end of the reporting period	57	15
	595	**400**
Current payables	**290**	**244**
Total	**885**	**644**

- **other payables** equal to 24 million euros at December 31, 2023 referring mainly to the Brazil Business Unit.

The **other non-current liabilities** include:

- **Deferred revenues from contracts with customers (contract liabilities)** of 103 million euros (87 million euros at December 31, 2022) which are reversed to the income statement according to the duration of the contractual obligations between the parties, averaging 24 months; therefore, the balance as at December 31, 2023 will be reversed to the income statement generally by 2025. In particular, the item includes:
    - TIM S.p.A. deferred revenues for subscription charges and rent and maintenance payments (52 million euros);
    - TIM S.p.A. deferred revenues for network access subscription charges (19 million euros);
    - Deferred revenues of TIM S.p.A. for outsourcing charges (18 million euros);
    - deferred revenues from activation and installation fees for new contracts with TIM S.p.A. customers. (3 million euros): in this regard, it is noted that under IFRS 15 activation/installment revenues are allocated to other contract obligations and recognized throughout the period of performance of the contract, as they do not relate to separate performance obligations.
- **Other deferred revenue and income** totaling 329 million euros; the item consisted of the non-current portion (approx. 107 million euros) of the deferred gain on the sale and lease-back of telecommunication towers by the Brazil Business Unit; this item also includes deferred revenues related to agreements for the sale of the transmission capacity.
- **Capital grants** of 275 million euros: the item represents the component still to be released to the income statement based on the remaining useful life (estimated at around 18 years) of the assets that the grants refer to and is mainly connected to the realization of the infrastructures on the Ultrabroadband-UBB and Broadband-BB projects.

NOTE 24

TRADE AND MISCELLANEOUS PAYABLES AND OTHER CURRENT LIABILITIES

This item rose by 1,185 million euros compared to December 31, 2022. The figure breaks down as follows:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Trade payables					
Payables due to suppliers		5,042	*5,042*	4,943	*4,943*
Payables to other telecommunications operators		399	*399*	352	*352*
	(a)	**5,441**	***5,441***	**5,295**	***5,295***
Tax payables	**(b)**	**194**		**216**	
Miscellaneous payables					
Payables for employee compensation		323		247	
Payables to social security agencies		415		353	
Payables for TLC operating fee		480		324	
Dividends approved, but not yet paid to shareholders		52	*52*	48	*48*
Other		1,047	*49*	329	*241*
Employee benefits (except for employee severance indemnities) for the current portion expected to be settled within 12 months		4		108	
Provisions for risks and charges for the current portion expected to be settled within 12 months		506		344	
	(c)	**2,827**	***101***	**1,753**	***289***
Other current liabilities					
Liabilities from customer contracts (Contract liabilities)		829	*105*	840	*133*
Other deferred revenue and income		50		59	
Other		43		36	
	(d)	**922**	***105***	**935**	***133***
Total	**(a+b+c+d)**	**9,384**	***5,647***	**8,199**	***5,717***

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

Trade payables amounting to 5,441 million euros (5,295 million euros at December 31, 2022), mainly refer to:

- TIM S.p.A. (3,941 million euros); the increase on December 31, 2022 reflects the dynamics of payments relating to bills payable;
- Brazil Business Unit (943 million euros);

As of December 31, 2023, trade payables due in more than 12 months amounted to 44 million euros (59 million euros as of December 31, 2022) and are mainly represented by payables of the Brazil Business Unit for the renewal of telecommunications licenses.

Tax payables amounted to 194 million euros and mainly consisted of both the tax payables of the Brazil Business Unit (109 million euros) and the payables of TIM S.p.A., mainly relating to the amount owed to the tax authorities for tax payables withheld as withholding agent (63 million euros) and the amount payable for the government concession tax (2 million euros).

Miscellaneous payables mainly comprise:

- the current debt position towards INPS in view of the application of the agreements signed with the trade unions regarding the application of Art. 4 of Italian Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis, Italian Legislative Decree no. 148/2015;
- advances on State grants to the parent company TIM S.p.A. for projects under the National Recovery and Resilience Plan (NRRP) amounted to 758 million euros. For more details, see Note 17 "Net financial debt".
- the current portion of employee benefits and provisions amounted to 510 million euros;

  It should also be noted that in October 2023, the Adjusted Closing Price (Adjusted Closing Price) was finalized related to the acquisition by the Brazilian subsidiary TIM S.A. of part of the mobile telephony assets of the Oi group with the consequent extinction of the debt position of the buyer (134 million euros as of December 31, 2022). Further details are provided in the Note 25 “Disputes and pending legal actions, other information, commitments and guarantees”.

Other current liabilities amounted to 922 million euros at December 31, 2023 (935 million euros at December 31, 2022). They break down as follows:

- **Liabilities arising from contracts with customers (Contract liabilities)**, amounted to 829 million euros. This item includes liabilities to customers related to the obligations of Group companies to transfer goods and services for which they have received consideration. Liabilities with customers, generally with a maturity of up to 12 months, are shown below;

  In particular:

  - **contract liabilities** amounting to 7 million euros; the item includes bundle contracts (good and services packages) with performance obligations with different timing for the recognition of revenues and consequent deferral of the fees originally recognized;
  - **customer-related items**, equal to 400 million euros; the item includes trade payables following contractual relationships, such as the payable for prepaid traffic and the subscription charges charged in advance;
  - **progress payments and advances** equal to 53 million euros relating to trade payables following prepayments, such as deposits made by subscribers for telephone calls;
  - **Deferred revenue from contracts with customers, amounting to** 369 million euros, essentially comprising the Parent Company's deferred revenue for:
    - rent and maintenance (194 million euros);
    - interconnection charges (111 million euros);
    - subscription charges (46 million euros);
    - activation and installation of new contracts with customers (4 million euros).
- **Other deferred revenue and income** amounted to 50 million euros. They mainly refer to deferred revenues deriving from contracts for the sale of transmission capacity.
- **Others**, amounting to 43 million euros. They mainly refer to the Parent Company and relate to payables for advances on network works in progress.

NOTE 25

DISPUTES AND PENDING LEGAL ACTIONS, OTHER INFORMATION, COMMITMENTS AND GUARANTEES

A description is provided below of the most significant judicial, arbitration and tax disputes in which TIM Group companies are involved at December 31, 2023, as well as those that came to an end during the period.
The TIM Group has posted liabilities totaling 366 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 Annual Financial Report 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 the proceedings with the Antitrust Authority, please note that based on Article 15, subsection 1 of Italian 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

International tax and regulatory disputes

At December 31, 2023, companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 19.2 billion reais (18.2 billion reais at December 31, 2022), corresponding to approximately 3.6 billion euros at December 31, 2023. The main types of litigation 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 3.1 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 10.4 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 4.0 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). The guarantee bond was subsequently renewed up to November 30, 2024.

On September 13, 2023, TIM was notified that more than five years had elapsed since the appeal was filed, in accordance with Article 82 of the Code of Civil Procedure. TIM therefore requested that a public hearing be held to discuss the appeal. The public hearing was scheduled for January 10, 2024. Following the hearing, by way of order 709 of January 15, 2024, the Regional Administrative Court upheld the suspension of the proceedings, as previously dictated by non-final judgment 6310 of May 23, 2019, and upheld the suspension of the enforcement of the measure under the conditions dictated by that ruling, all of which pending the final judgment in the (injurious) case which remains pending before the President of the Republic regarding the duty to notify in accordance with the Golden Power provisions.

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 (the Italian Competition Authority) 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 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) recognizes, furthermore, that TIM's behavior subsequently to the 2013 proceedings has 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) to 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) filed an appeal the regional administrative court's ruling before the Council of State.

Colt Technology Services - A428

With writ of summons before the Milan Court served in August 2015, the operator Colt Technology Services filed a damages claim based on the A428 decision, requesting compensation for alleged damages suffered from 2009 to 2011 as a result of purportedly inefficient and discriminatory conduct by TIM in the wholesale service supply process. The damage claimed was quantified as 27 million euros in loss of profits for the alleged non-acquisition of new customers, or for the alleged impossibility of supplying new services to the customers it had already acquired; the other party also formulated a request for compensation for the damages to its image and commercial reputation. This case follows the extrajudicial claim for approximately 23 million euros, previously advanced by Colt in June 2015, which the Company rejected in its entirety. TIM filed an appearance, contesting all of the plaintiff's allegations. In a judgment of February 21, 2024, the Court of Milan rejected in its entirety Colt's claim for damages in the amount of 27 million euros.

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 damages claim. 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 meeting in Council Chamber took place on June 13, 2023. By interlocutory order of July 19, 2023, the Court reinstated the case to the case register. The date of the public hearing has not yet been set.

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 AGCM (the Italian Competition Authority) procedure A428. 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 hearing to examine the court-appointed expert, originally scheduled for October 18, 2023, has been postponed to February 7, 2024. Following a request from the court-appointed expert to extend the deadline for filing the final report, the Judge once again postponed the hearing to examine the court-appointed expert to May 22, 2024.

Antitrust Case A514

In June 2017 AGCM (the Italian Competition Authority) 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 concerns 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 was scheduled for May 25, 2023. At the end of the hearing, the Council of State ordered a report from a court-appointed expert on three issues regarding the profitability of the investment in "white areas" with low population density. On October 11, 2023, the court-appointed experts were sworn-in in the Council of State and requested an extension to the completion deadlines. Under the new deadlines granted by the Council of State, the expert report should be filed by May 2024.

The case is set for a public hearing on May 16, 2024.

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 then quantified the damages allegedly suffered as approximately

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 the hearing for delivery of the verdict until April 3, 2024.

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 hearing for the taking of evidence was set for October 5, 2023. The Judge, having taken note of Irideos' request to defer the hearing and motivated by the judgment pending in case A514 before the Council of State, deferred the hearing of the parties until 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 complainants 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 customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling 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 in the 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. At the hearing on February 16, 2023, at the request of the applicants, it was ordered that the case would be heard in open court, the date of which has not yet been set.

28-day billing

AGCom resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, 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 ruling 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 EU Court of Justice published its decision concluding that the Italian legislation granting AGCom the power to impose a monthly or multi-monthly billing requirement on fixed and convergent telephone service operators for the renewal and invoicing of such offers, is not contrary to EU law. When proceedings resumed before the Council of State in December 2023, TIM requested that its appeal be ruled inadmissible due to a lack of interest. On January 18, 2024, the State Council declared the right to be extinguished.

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 deferment 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 appealed the judgment to the Council of State.

In judgment 39 of January 2, 2024, the Council of State rejected TIM's main appeal, in keeping with its prior rulings in the appeals brought by the other operators, and upheld the legitimacy of the measures adopted by AGCom. In the same decision, the administrative court of appeal also rejected AGCom's counter-appeal aimed at reinstating the 1,160,000 euro sanction that had originally been imposed on TIM and was later annulled by the Lazio Regional Administrative Court.

In August 2019, AGCom initiated a new sanctions procedure (CONT 12/19/DTC) for failing to comply with the order to refund fixed and converged network customers for the days eroded by 28-day billing, through the procedures established in resolutions 112/18/CONS and 269/18/CONS. At the end of this procedure, the Authority found in Resolution 75/20/CONS that TIM had failed to comply with these resolutions and imposed a fine of 3 million euros. In July 2020, TIM appealed the decision before the Regional Administrative Court. We are waiting for a date to be fixed for the discussion hearing.

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 a 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. By Order published on February 15, 2024, the Court of Cassation rejected TIM's appeal.

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 TAR 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 TIM, 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 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.

On July 25, 2023, the Council of State reformed the decision of the Lazio Regional Administrative Court, upholding the validity of AGCM ((the Italian Competition Authority) measure in case I820 and referring to the Authority to redetermine the sanction in view of the reduced duration of the infringement.

In view of the rulings of the Council of State on the *quantum* of the sanction, TIM – in a petition dated August 28, 2023 – asked the AGCM (the Italian Competition Authority) for the redetermination of the sanction to take place in full adversarial proceedings between the parties as part of a special investigation procedure.

In its order of September 26, 2023, served on the Company on October 3, 2023, the AGCM (the Italian Competition Authority) informed TIM that it had quantified the fine at 100,670,526.00 euros, holding that it had no margins for discretion in executing the judgment of the Council of State. On October 12, 2023, TIM filed an appeal to overturn the judgment of the Council of State and, on October 13, 2023, filed an appeal before the Lazio Regional Administrative Court to annul the measure redetermining the sanction; TIM also requested the suspension of the measure as a precautionary measure, which was rejected by order of November 9, 2023. For both judgments a hearing on the merits has yet to be set.

In a communication dated December 6, 2023, the Authority urged TIM to pay the penalty of 100,670,526.00 euros plus legal interest accrued from November 3, 2023 until the day of actual payment amounting to 5,535,913.60 euros.

In a communication dated December 12, 2023, TIM contested the dueness of such interest due to the absence of the prerequisites of liquidity and collectability required by Article 1282 of the Italian Civil Code, as well as an error in identifying the dies a quo for calculation.

The Authority's Budget Office responded on February 2, 2024, acknowledging an error in the calculation of legal interest, which was therefore restated to the amount of 4,121,837.47 euros, but reiterating that the same is due.

TIM decided to appeal to the Lazio Regional Administrative Court against the Budget Office's notice to challenge both the error in calculating the interest due and a defect in the Budget Office's competence.

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 (the Italian Competition Authority) 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 (the Italian Competition Authority) 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.

On January 30, 2024, TIM sent AGCM (the Italian Competition Authority) the required annual report on the implementation of the undertakings given.

By petition notified in April 2022, Open Fiber challenged the above AGCM (the Italian Competition Authority) 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 of April 14, 2023, the Regional Administrative Court rejected as unfounded the appeal of Open Fiber, which on July 10, 2023, appealed the Regional Administrative Court’s judgment to the Council of State.

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 content 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 (the Italian Competition Authority) 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, 2022.

On February 23, 2022, TIM and DAZN were convened separately to the AGCM (the Italian Competition Authority) 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, 2022.

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, 2022.

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, 2022.

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 statement of defence March 28, 2023, and the final hearing with the Authority was held on April 4, 2023.

On April 18, 2023, AGCM (the Italian Competition Authority) decided to again extend the deadline for the conclusion of the proceedings to June 30, 2023, due to the complexity of the defence put forward by the Parties in their pleadings.

On June 28, 2023, AGCM (the Italian Competition Authority) ruled that the conduct of TIM and DAZN constitutes an agreement restricting competition in breach of Article 101 TFEU.

Yet the arrangement – in particular regarding exclusivity – only lasted for approximately one month and its potentially restrictive effects on competition were neutralized by the Authority's timely initiation of the investigation procedure on July 6, 2021.

Indeed, the precautionary sub-proceedings instigated at the start of the first football season of the three-year period 2021-2024 actually prevented the effects of the arrangement from occurring, as at the beginning of August 2021 TIM and DAZN discontinued the application of the disputed contractual clauses through their own voluntary action. The original agreement was then replaced by a new contract, entered into in August 2022, in which any exclusivity was completely eliminated, thus rooting out the antitrust concerns about exclusivity of distribution.

Consequently, and in light of the mitigating circumstances recognised, AGCM (the Italian Competition Authority) imposed a fine of 760,776.82 euros on TIM and a fine of 7,240,250.84 euros on DAZN.

On September 20, 2023, TIM paid the fine with reservations in view of the appeal brought by the Company with the Lazio Regional Administrative Court against the decision against it. The public hearing for the discussion of the appeal. was held on February 21, 2024 and the decision of the Regional Administrative Court is pending.

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, AGCM (the Italian Competition Authority) sent notice to TIM of the preliminary findings relating to the main proceedings in question.

AGCM (the Italian Competition Authority) noted that there was insufficient evidence or facts to confirm that TIM had abused a dominant position. As a result, AGCM (the Italian Competition Authority) did not to bring any charges against the company.

On November 28, 2023, AGCM (the Italian Competition Authority) ruled that there was insufficient evidence to establish that TIM had abused a dominant position pursuant to Article 3 of Law 287/1990.

As a result, no financial sanction was imposed on TIM.

Antitrust Case PS 12304 "Billing after withdrawal"

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 telephony.

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

On March 31, 2023, the Authority resolved to wrap up the proceedings by imposing a fine of 200,000 euros; the amount of the fine was mitigated by the remedial actions taken by TIM. Similar proceedings were 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, countermanding 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 appealed the judgment of the Regional Administrative Court with the Council of State; The hearings on the merits were set for April 4 and April 27, 2023. At the end of the hearing on April 4, 2023, the case was reserved for judgment. On April 18, 2023, the Council of Ministers issued a collegial order referring several issues to the EU Court of Justice for a preliminary ruling.

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. This appeal was declared inadmissible in judgment 3318/2023.

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 Public Administration to obtain payment of the 1998 charges and, consequently, the final balance. The company has challenged the judgment of the Lazio Regional Administrative Court to 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 rehearings.

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 was set for December 21, 2023. By order of February 29, 2024, the Supreme Court declared Poste's appeal inadmissible, putting an end to the litigation and ordering Poste to pay TIM's legal costs and the penalties provided for by Article 96, paragraphs 3 and 4 of the Code of Civil Procedure.

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 management and control 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 declared inadmissible the appeals brought by the receivers of Elinet (bankrupt) and Elitel Telecom (bankrupt), ordering both bankrupts, jointly and severally, to reimburse TIM for the costs of litigation at the instance. The matter must therefore be considered 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 Board 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 Board 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 Arbitration Court 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. On January 8, 2024, both appeal proceedings were heard before the Paris Court of Appeal. A decision is pending in both cases.

Iliad (winback)

By 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, and later to 292.8 million euros.

The proceedings ended in a judgment of September 25, 2023, which did not award Iliad any damages; TIM's counterclaim was declared inadmissible.

In its notice of appeal served on December 15, 2023, Iliad requested that the first-instance judgment be partially overturned, requesting, among other things, that TIM be ordered to pay full compensation of not less than 292.8 million euros for the pecuniary and non-pecuniary damage suffered by Iliad.

Iliad (restrictions on duration and termination costs)

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 verdict hearing has been deferred until 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 TIM 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 Offers in force *ratione temporis*; (c) therefore declare and order Fastweb to pay TIM 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 was held on December 14, 2022. The hearing for the admission of the preliminary motions has been postponed to June 13, 2023. Subsequent to the filing of the preliminary motions, Fastweb re-quantified damage allegedly suffered as a result of TIM's unlawful conduct at approximately 101.1 million euros (of which 13.2 million euros is subject to the acceptance of TIM's main claim). At the hearing of June 13, 2023, the investigating judge reserved judgment To dissolve this reservation, the G.I. ordered an expert report to be prepared by a court-appointed expert, who was to be appointed and sworn in on November 21, 2023. The public hearing for the examination of the court-appointed expert witness has been scheduled for September 17, 2024.

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 initial hearing took place on April 5, 2023, with the Judge reserving judgment on the objection as to the invalidity of the writ of summons brought by TIM. The initial hearing was deferred to October 11, 2023, following the admittance of the objection as to the invalidity of the writ of summons brought by TIM. At the hearing, the Judge set three dates for the exchange of pleadings between the parties: November 10, 2023, December 11, 2023, and January 2, 2024. The hearing for admission of evidence is scheduled for March 6, 2024.

(b) Other information

Mobile telephony - criminal proceedings

In March 2012 TIM was served notice of the conclusion of the preliminary inquiries, which showed that the Company was being investigated by the Public Prosecutor of Milan pursuant to the Legislative Decree n. 231/2001, for the offenses of handling stolen goods and counterfeiting committed, according to the alleged allegations, by fourteen employees of the so-called "ethnic channel", with the participation of a number of dealers, for the purpose of obtaining undeserved commissions from TIM.

The Company, as the injured party damaged by such conduct, had brought two legal actions in 2008 and 2009 and had proceeded to suspend the employees involved in the criminal proceedings (suspension later followed by dismissal). It has also filed an initial statement of defense, together with a technical report by its own expert, requesting that the proceedings against it be suspended, and that charges of aggravated fraud against the Company be brought against the other defendants. In December 2012, the Public Prosecutor's Office filed a request for 89 defendants and the Company itself to be committed for trial.

During the preliminary hearing, the Company was admitted as civil party to the trial and, in November 2013, the conclusions in the interest of the civil party were filed, reaffirming TIM's total lack of involvement in the offenses claimed.

At the end of the preliminary hearing, which took place in March 2014, the Judge for the Preliminary Hearing committed for trial all the defendants (including TIM) who had not asked for their situation to be settled with alternative procedures, on the grounds that "examination in a trial" was needed. In April 2016, at the end of the first part of the trial, the Public Prosecutor asked for TIM to be sentenced to pay an administrative fine of 900 thousand euros, but decided not to ask for confiscation of any of the presumed profits of the offenses (quantified in the committal proceedings as totaling several million euros), based on the assumption that TIM had in any event remedied the presumed organizational inadequacies. While acknowledging the considerable redimensioning of the accusations, the Company has reiterated its total non-involvement in the facts at issue. In November 2016 the Court gave a verdict acquitting the Company on the grounds that there was no case to answer. All the individuals charged were also acquitted on various grounds.

The Public Prosecutor appealed the acquittal and appealed to the Court of Cassation "*per saltum*". In January 2019, the Italian Supreme Court of Cassation agreed to the appeal and therefore ordered that the documents of the proceedings be sent to the Milan Court of Appeal.

The subsequent proceedings were concluded in October 2022: The Court of Appeal in Milan confirmed the outcome of the judgment challenged, repeating the acquittal of Telecom Italia and dismissing the requests for sentencing of the General Prosecutor's Office in regard to the Company. However, the General Prosecutor's Office again appealed to the Court of Cassation, this time against the judgment of the Milan Court of Appeal.

In September 2023, the Court of Cassation issued a final judgment rejecting the appeal filed by the Milan General Prosecutor's Office against the acquittal pronounced by the Court of Appeal.

The Court of Cassation, in particular, found the grounds presented by the General Prosecutor's Office to be inadmissible, thus acquitting Telecom of the indictment pursuant to Legislative Decree no. 231/2001 in a definitive judgment.

Dispute concerning the license fees for 1998

TIM has summoned the Prime Minister's Office to appear in a civil suit for compensation for damages caused by the Italian State through appeal ruling 7506/09, handed down by the Council of State in breach, in the view of the Company, of 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 these analyses aimed at deciding the appeal, on January 25, 2021 the company filed a request with the Court of Appeal in Rome to bring forward the hearing (postponed as mentioned to January 25, 2022); This is to avoid the umpteenth adjournment of the case, which concerns the failure to comply with two *inter-partes* decisions rendered in the matter by the EU Court of Justice for a manifest 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 2/22/2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent onto 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 with judgment reserved. At the hearing on December 13, 2023, the Board granted the parties time to submit their closing statements and replies.

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 C6 bank and, in April 2020, launched exclusive offers for TIM customers who had opened C6 bank accounts and used their services. As compensation for 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 connected 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. announced that as part of this partnership it had obtained the right to exercise a Subscription Bonus to an indirect investment of approximately 1.44% in the share capital of Banco C6 S.A. due to the fulfillment of the 1st tier of agreed objectives in December 2020. This was to be exercised whenever deemed appropriate by the Company's management. If exercised, this subscription bonus will give TIM S.A. a non-controlling position, thereby not placing it in a position of significant control or influence over the management of Banco C6 S.A..

The Company subsequently exercised its option to purchase and convert C6 shares, representing 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. announced 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 terms of the Share Purchase Agreement and Other Covenants ("SPA"), justify a proposal to change the Adjusted Closing Price ("ACP") by TIM S.A. 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 will be safeguarded until a later decision by the arbitration court. Said deposit was made into an account linked to the Court ahead of the installation of the Court of Arbitration.

TIM S.A. appealed 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 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 of the proceeds, 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.

Other liabilities related to the sale of assets and shareholdings

As part of agreements for the sale of assets and companies, the TIM Group has undertaken guarantees to indemnify the buyers for liabilities mainly connected with legal, tax, social security, and labor law issues, for an amount normally set as a percentage of the purchase price.
To cover such contingent liabilities, amounting to a total of around 220 million euros, provisions totaling approximately 9 million euros have been allocated solely for those cases for which payment is considered likely.
Furthermore, we report that in relation to the disposal of assets and investments, the TIM Group has commitments to pay additional indemnities under specific contractual provisions, the contingent liability of which cannot be measured at present.

(c) Commitments and guarantees

Guarantees, net of back-to-back guarantees received, amounted to 132 million euros.

The guarantees provided by third parties to Group companies, amounting to 7,921 million euros, related to guarantees provided by banks and financial institutions as a guarantee of the proper performance of contractual obligations.

In particular, we report:

- the insurance guarantees, which totaled 2,343 million euros, mainly refer to guarantee financing by the TIM Group in applying legal provisions for contracts of Public Administrations and similar bodies;
- the TIM Group had bank guarantees issued in favor of INPS in support of the application - by TIM and some Group companies - of Article 4 of Italian Law 92 of June 28, 2012 and Article 41, paragraph 5-bis of Italian Legislative Decree 148/2015 or the voluntary redundancy of employees meeting the requirements; the total amount of the guarantees issued is 1,040 million euros, including 973 million euros for TIM S.p.A. and 67 million euros for Group companies. with reference to the bank guarantees issued in favour of INPS for which financial assets have been pledged, reference should be made to Note 10 "Non-current and current financial assets";
- TIM had bank guarantees issued in favor of Infratel over the advances of contributions under the National Recovery and Resilience Plan (NRRP) in relation to the "Italia 1 Giga" plans (lots 1 and 5) for a total exposure of 208 million euros. For more details, see Note 17 "Net financial debt".

Lastly, in May 2018, TIM issued a surety to the Prime Minister's Office for 74 million euros to secure an appeal to the Lazio Administration Court for a provisional stay of the administrative fine levied on TIM following the preliminary investigation connected with the penalty proceeding initiated under Article 2 of Decree Law 21 of 3/15/2012 (the "Golden Power" law).

There are also surety bonds on the telecommunication services in Brazil for 668 million euros.

The loan guarantees are described in the Note 16 "Non-current and current financial liabilities".

NOTE 26
REVENUES

This item rose by 508 million euros compared to 2022. The figure breaks down as follows:

(million euros)	2023	2022
Equipment sales	1,343	1,188
Services	14,953	14,600
Total	**16,296**	**15,788**

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 1,168 million euros (1,205 million euros in 2022), included in Costs of services.

Revenues from services in 2023 include revenues for voice and data services on fixed and mobile networks for Retail customers for 7,871 million euros and for other Wholesale operators for 2,695 million euros.

For a breakdown of revenues by operating segment/geographical area, reference should be made to the Note "Segment Reporting".

NOTE 27
OTHER INCOME

This item decreased by 7 million euros compared to 2022. The breakdown is as follows:

(million euros)	2023	2022
Late payment fees charged for telephone services	37	39
Recovery of employee benefit expenses, purchases and services rendered	17	13
Capital and operating grants	44	38
Damages, penalties and recoveries connected with litigation	38	37
Estimate revisions and other adjustments	51	68
Income for special training activities	5	1
Other	14	17
Total	**206**	**213**

NOTE 28
ACQUISITION OF GOODS AND SERVICES

This item rose by 279 million euros compared to 2022. The figure breaks down as follows:

(million euros)		2023	2022
Purchase of raw materials and goods	**(a)**	**1,158**	**1,164**
Costs of services:			
Revenues due to other TLC operators		1,168	1,205
Costs for telecommunications network access services		127	130
Commissions, sales commissions and other selling expenses		1,453	1,263
Advertising and promotion expenses		237	235
Professional and consulting services		229	311
Utilities		537	507
Maintenance costs		532	518
Outsourcing costs for other services		407	406
Mailing and delivery expenses for telephone bills, directories and other materials to customers		32	37
Other service expenses		703	665
	(b)	**5,425**	**5,277**
Lease and rental costs:			
Rent and leases		85	83
TLC circuit subscription charges		188	189
Other lease and rental costs		662	526
	(c)	**935**	**798**
Total	**(a+b+c)**	**7,518**	**7,239**

In 2023, lease and rental costs included around 10 million euros in short-term lease payments of modest value (approximately 12 million euros in 2022).

NOTE 29
EMPLOYEE BENEFITS EXPENSES

This item decreased by 193 million euros compared to 2022. The breakdown is as follows:

(million euros)		2023	2022
Ordinary employee expenses			
Wages and salaries		1,732	1,812
Social security expenses		627	658
Other employee benefits		162	153
	(a)	**2,521**	**2,623**
Costs and provisions for agency contract work	**(b)**	**1**	**1**
Miscellaneous expenses for employees and other labor-related services rendered			
Charges for termination benefit incentives		6	222
Corporate restructuring expenses		456	329
Other		3	5
	(c)	**465**	**556**
Total	**(a+b+c)**	**2,987**	**3,180**

Employee benefits expenses mainly related to the Domestic Business Unit for 2,648 million euros (2,868 million euros in 2022) and to the Brazil Business Unit for 338 million euros (311 million euros in 2022).

“Charges for termination benefit incentives” and “Corporate restructuring expenses” totaled 462 million euros (551 million euros in 2022) and are mainly linked to outgoing staff, envisaged according to the application of art. 4 of Law no. 92 of June 28, 2012 as per the agreements signed, during the year, with the trade unions and referring entirely to the Italian companies of the Domestic Business Unit.

The average salaried workforce, including agency contract workers, stood at 43,145 employees in 2023 (45,912 in 2022). A breakdown by category is as follows:

(number of units)	2023	2022
Executives	554	589
Middle managers	3,804	4,090
White collars	38,669	41,059
Blue collars	87	159
Employees on payroll	**43,114**	**45,897**
Agency contract workers	31	15
Total average salaried workforce	**43,145**	**45,912**

The headcount at December 31, 2023, including agency contract workers, stood at 47,180 employees (50,392 at December 31, 2022), showing a decrease of 3,212 employees.

NOTE 30
OTHER OPERATING EXPENSES

This item rose by 56 million euros compared to 2022. The figure breaks down as follows:

(million euros)	2023	2022
Write-downs and expenses in connection with credit management	233	236
Provision charges	88	129
TLC operating fees and charges	241	243
Indirect duties and taxes	109	104
Penalties, settlement compensation and administrative fines	32	25
Subscription dues and fees, donations, scholarships and traineeships	12	13
Sundry expenses	157	66
Total	**872**	**816**
of which, included in the supplementary disclosure on financial instruments	*233*	*236*

The non-recurring item in the financial year 2023 amounted to 134 million euros (77 million euros in the financial year 2022) and related mainly to regulatory penalties and provisions for onerous contracts.

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

NOTE 31
INTERNALLY GENERATED ASSETS

This item decreased by 21 million euros compared to 2022. The figure breaks down as follows:

(million euros)	2023	2022
Intangible assets with a finite useful life	230	244
Tangible assets	308	315
Total	**538**	**559**

They mainly refer to the capitalization of labor costs relating to design, construction and testing of network infrastructure and systems, as well as software development and development of network solutions, applications and innovative services.

NOTE 32
DEPRECIATION AND AMORTIZATION

These increased by 86 million euros compared to 2022. The breakdown is as follows:

(million euros)		2023	2022
Amortization of intangible assets with a finite useful life			
Industrial patents and intellectual property rights		1,045	1,069
Concessions, licenses, trademarks and similar rights		485	442
Other intangible assets		10	6
	(a)	**1,540**	**1,517**
Depreciation of tangible assets owned			
Buildings (civil and industrial)		37	37
Plant and equipment		2,162	2,145
Manufacturing and distribution equipment		7	8
Other		155	158
	(b)	**2,361**	**2,348**
Amortization of rights of use assets			
Property		440	398
Plant and equipment		483	474
Other tangible assets		35	38
Intangible assets		4	2
	(c)	**962**	**912**
Total	**(a+b+c)**	**4,863**	**4,777**

For further details refer to the Notes "Intangible assets with a finite useful life", "Tangible assets" and "Rights of use assets".

For a breakdown of depreciation and amortization by operating segment/geographical area, reference should be made to Note 39 "Segment Reporting".

NOTE 33
GAINS/(LOSSES) ON DISPOSALS OF NON-CURRENT ASSETS

This item was broken down as follows:

(million euros)		2023	2022
Gains on disposals of non-current assets:			
Gains on the retirement/disposal of intangible, tangible and user rights on rental		15	50
	(a)	**15**	**50**
Losses on disposals of non-current assets:			
Losses on the retirement/disposal of intangible, tangible and user rights on rental		26	14
	(b)	**26**	**14**
Total	**(a-b)**	**(11)**	**36**

NOTE 34

IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS

(million euros)		2023	2022
Impairment reversals on non-current assets:			
on intangible assets		—	—
on tangible assets		—	—
	(a)	**—**	**—**
Impairment losses on non-current assets:			
on intangible assets		—	—
on tangible assets		—	
	(b)	**—**	**—**
Total	**(a-b)**	**—**	**—**

The net impairment losses on non-current assets were null in 2023.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on an annual basis, when preparing the company's separate and consolidated financial statements.

In preparing the Annual Report for 2023, the TIM Group carried out an impairment test on goodwill. The results of that testing, carried out in accordance with the specific procedure adopted by the Group, confirmed the amounts of Goodwill allocated to the Group's individual Cash Generating Units.

Further details are provided in the Note 5 "Goodwill".

NOTE 35

OTHER INCOME (EXPENSES) FROM INVESTMENTS

Details are as follows:

(million euros)	2023	2022
Dividends from Other investments	2	2
Net gains on the sale of investments in associates and joint ventures accounted for using the equity method	45	206
Sundry income (expense)	6	(2)
Total	**53**	**206**
of which, included in the supplementary disclosure on financial instruments	*2*	*2*

The balance for the 2023 financial year mainly includes the income connected to the definition, in October 2023, of the Adjusted Closing Price relating to the acquisition by the Brazilian subsidiary TIM SA of part of the Oi group's mobile telephony assets (56 million euros). More in detail, on October 4, 2023, TIM S.A. 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 of the proceeds, 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.

In financial year 2022 the balance mainly included the net capital gain connected to the sale of 41% of the share capital of the Daphne 3 holding company, which currently holds a 29.9% stake in Infrastrutture Wireless Italiane - INWIT (171 million euros) as well as the capital gain net connected to the sale of the stake in Satispay (33 million euros).

NOTE 36
FINANCE INCOME AND EXPENSES

Finance income (expenses) showed a net expense of 1,740 million euros (expense of 1,423 million euros in 2022) and comprises:

(million euros)	2023	2022
Finance income	1,095	1,115
Finance expenses	(2,835)	(2,538)
Net finance income (expenses)	**(1,740)**	**(1,423)**

The items break down as follows:

(million euros)		2023	2022
Interest expenses and other finance expenses:			
Interest expenses and other costs relating to bonds		(855)	(766)
Interest expenses to banks		(379)	(127)
Interest expenses to others		(70)	(51)
Finance expenses on lease liabilities		(426)	(377)
		(1,730)	**(1,321)**
Commissions		(61)	(70)
Other finance expenses (*)		(200)	(200)
		(261)	**(270)**
Interest income and other finance income:			
Interest income		137	122
Income from financial receivables, recorded in Non-current assets		2	3
Income from securities other than investments, recorded in Non-current		—	—
Income from securities other than investments, recorded in Current assets		25	23
Miscellaneous finance income (*)		50	51
		214	**199**
Total net finance interest/(expenses)	**(a)**	**(1,777)**	**(1,392)**
Other components of finance income and expenses:			
Net exchange gains and losses		(3)	23
Net result from derivatives		(2)	39
Net fair value adjustments to fair value hedge derivatives and underlying instruments		—	—
Net fair value adjustments to non-hedging derivatives		42	(93)
Total other components of finance income and expenses	**(b)**	**37**	**(31)**
Total net finance income (expenses)	**(a+b)**	**(1,740)**	**(1,423)**
of which, included in the supplementary disclosure on net financial		*(1,387)*	*(1,142)*

(*) of which IFRS 9 impact positive for 6 million euros in 2023, nil in 2022.

(million euros)	2023	2022
Income from negative adjustment of IFRS 9 impairment reserve on financial assets measured at FVTOCI	*1*	*1*
Expenses from positive adjustment of IFRS 9 impairment reserve on financial assets measured at FVTOCI	*(1)*	*(7)*
Income/Expenses from IFRS 9 reserve impairment on financial assets measured at FVTOCI	**—**	***(6)***
Reversal of IFRS 9 impairment reserve on financial assets measured at FVTOCI	*6*	—
Impairment losses on financial assets other than investments	—	—

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosure on financial instruments".

For greater clarity of presentation, the net effects relating to derivative financial instruments are summarized in the following table:

(million euros)		2023	2022
Foreign currency conversion gains		271	360
Exchange losses		(274)	(337)
Net exchange gains and losses		**(3)**	**23**
Income from fair value hedge derivatives		—	2
Charges from fair value hedge derivatives		—	(1)
Net result from fair value hedge derivatives	**(a)**	**—**	**1**
Positive effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		461	426
Negative effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		(370)	(321)
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**(b)**	**91**	**105**
Income from non-hedging derivatives		62	56
Charges from non-hedging derivatives		(155)	(123)
Net result from non-hedging derivatives	**(c)**	**(93)**	**(67)**
Net result from derivatives	**(a+b+c)**	**(2)**	**39**
Positive fair value adjustments to fair value hedge derivatives		—	—
Negative fair value adjustments relating to financial assets and liabilities underlying fair value hedge derivatives		—	—
Net fair value adjustments	**(d)**	**—**	**—**
Positive fair value adjustments to Underlying financial assets and liabilities of fair value hedge derivatives		—	3
Negative fair value adjustments relating to fair value hedge derivatives		—	(3)
Net fair value adjustments	**(e)**	**—**	**—**
Net fair value adjustments to fair value hedge derivatives and underlying instruments	**(d+e)**	**—**	**—**
Positive fair value adjustments to non-hedging derivatives	(f)	87	69
Negative fair value adjustments to non-hedging derivatives	(g)	(45)	(162)
Net fair value adjustments to non-hedging derivatives	**(f+g)**	**42**	**(93)**

NOTE 37
PROFIT (LOSS) FOR THE YEAR

The profit (loss) for the year can be analyzed as follows:

(million euros)	2023	2022
Profit (loss) for the year	**(1,107)**	**(2,654)**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	(1,441)	(2,925)
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—
Profit (loss) for the year attributable to owners of the Parent	**(1,441)**	**(2,925)**
Non-controlling interests:		
Profit (loss) from continuing operations	334	271
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—
Profit (loss) for the year attributable to Non-controlling interests	**334**	**271**

NOTE 38
EARNINGS PER SHARE

		2023	2022
Basic earnings per share			
Profit (loss) for the year attributable to owners of the Parent		(1,441)	(2,925)
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		—	—
	(million euros)	(1,441)	(2,925)
Average number of ordinary and savings shares	(millions)	21,250	21,241
Basic earnings per share – Ordinary shares	(euros)	(0.07)	(0.14)
Plus: additional dividends per savings share		—	—
Basic earnings per share – Savings shares	(euros)	(0.07)	(0.14)
Basic earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		(1,441)	(2,925)
Less: additional dividends for the savings shares		—	—
	(million euros)	(1,441)	(2,925)
Average number of ordinary and savings shares	(millions)	21,250	21,241
Basic earnings per share from continuing operations – Ordinary shares	(euros)	(0.07)	(0.14)
Plus: additional dividends per savings share		—	—
Basic earnings per share from continuing operations – Savings shares	(euros)	(0.07)	(0.14)
Basic earnings per share from Discontinued operations/Non-current assets held for sale			
Profit (loss) from Discontinued operations/Non-current assets held for sale	(million euros)	—	—
Average number of ordinary and savings shares	(millions)	21,250	21,241
Basic earnings per share from Discontinued operations/Non-current assets held for sale – Ordinary shares	(euros)	—	—
Basic earnings per share from Discontinued operations/Non-current assets held for sale – Savings shares	(euros)	—	—

	2023	2022
Average number of ordinary shares	15,222,590,778	15,213,524,300
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**21,250,382,477**	**21,241,315,999**

		2023	2022
Diluted earnings per share			
Profit (loss) for the year attributable to owners of the Parent		(1,441)	(2,925)
Dilution effect of stock option plans and convertible bonds (*)		—	—
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		—	—
	(million euros)	(1,441)	(2,925)
Average number of ordinary and savings shares	(millions)	21,259	21,241
Diluted earnings per share – Ordinary shares	(euros)	(0.07)	(0.14)
Plus: additional dividends per savings share		—	—
Diluted earnings per share – Savings shares	(euros)	(0.07)	(0.14)
Diluted earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		(1,441)	(2,925)
Dilution effect of stock option plans and convertible bonds (*)		—	—
Less: additional dividends for the savings shares		—	—
	(million euros)	(1,441)	(2,925)
Average number of ordinary and savings shares	(millions)	21,259	21,241
Diluted earnings per share from continuing operations – Ordinary shares	(euros)	(0.07)	(0.14)
Plus: additional dividends per savings share		—	—
Diluted earnings per share from continuing operations – Savings shares	(euros)	(0.07)	(0.14)
Diluted earnings per share from Discontinued operations/Non-current assets held for sale			
Profit (loss) from Discontinued operations/Non-current assets held for sale	(million euros)	—	—
Dilution effect of stock option plans and convertible bonds		—	—
Average number of ordinary and savings shares	(millions)	21,259	21,241
Diluted earnings per share from Discontinued operations/Non-current assets held for sale – Ordinary shares	(euros)	—	—
Diluted earnings per share from Discontinued operations/Non current assets held for sale – Savings shares	(euros)	—	—

	2023	2022
Average number of ordinary shares (*)	15,231,210,398	15,213,524,300
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**21,259,002,097**	**21,241,315,999**

(*) The average number of ordinary shares also includes the potential ordinary shares relating to the equity compensation plans of employees for which the (market and non-market) performance conditions have been met, in addition, for 2022, to the theoretical number of shares that are issuable as a result of the conversion of the unsecured equity-linked convertible bond reimbursed on March 26, 2022. Consequently, the "Net profit (loss) for the year attributable to owners of the Parent" and the "Profit (loss) from continuing operations attributable to owners of the Parent" are also adjusted to exclude the effects, net of tax, related to the above-mentioned plans and to the convertible bond (+10 million euros in 2022); As regards 2023 and 2022, however, these effects have not been included in the calculation insofar as, in accordance with the provisions of IAS 33, the latter are allegedly anti-diluting.

Future potential changes in share capital

The table below shows future potential changes in share capital, based on the long-term share incentive plans, still outstanding at December 31, 2023:

	Number of maximum shares issuable	**Share capital** (thousands of euros)	**Additional paid-in capital** (thousands of euros)	**Subscription price per share** (euros)
Capital increases already approved (ordinary shares)				
2020-2022 Long Term Incentive Plan (free issue)	8,619,620			
2022-2024 Stock Options Plan	257,763,000	109,292		0.424
Total	**266,382,620**	**109,292**		

Further information is provided in Note 16 "Non-current and current financial liabilities" and Note 41 "Equity compensation plans".

NOTE 39
SEGMENT REPORTING

(a) Segment reporting

The operating segments of the TIM Group, organized for the telecommunications business and the related geographical location are as follows:

- **Domestic**: includes the activities in Italy relating to voice and data services on fixed and mobile networks for end users (retail) and other operators (wholesale), the activities of the Telecom Italia Sparkle group which, at international level (in Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of the company FiberCop for the provision of passive access services on the secondary copper and fiber network, and the activities of Noovle S.p.A. (Cloud and Edge Computing solutions), the activities of Olivetti (products and services for Information Technology), and, Domestic sector support structures.
- **Brazil**: includes mobile and fixed telecommunications operations in Brazil (TIM S.A.);
- **Other Operations**: include the financial companies (Telecom Italia Capital S.A. and Telecom Italia Finance S.A.) and other minor companies not strictly related to the TIM Group's core business.

In view of the decision-making process adopted by the TIM Group, segment reporting is presented for financial operating data.

The results of financial management, income tax expense for the year, as well as profit (loss) from Discontinued operations / Non-current assets held for sale are presented at a consolidated level.

Separate Consolidated Income Statement by Operating Segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Third-party revenues	11,885	11,826	4,411	3,962		—	—	—	16,296	15,788
Intragroup revenues	37	32	1	1	—	—	(38)	(33)	—	—
Revenues by operating segment	**11,922**	**11,858**	**4,412**	**3,963**		**—**	**(38)**	**(33)**	**16,296**	**15,788**
Other income	190	196	17	17		—	(1)	—	206	213
Total operating revenues and other income	**12,112**	**12,054**	**4,429**	**3,980**	**—**	**—**	**(39)**	**(33)**	**16,502**	**16,001**
Acquisition of goods and services	(5,862)	(5,697)	(1,687)	(1,562)	(2)	(7)	33	27	(7,518)	(7,239)
Employee benefits expenses	(2,648)	(2,868)	(338)	(311)	(1)	(1)	—	—	(2,987)	(3,180)
of which: provisions for employee severance indemnities		—		—		—	—	—		—
Other operating expenses	(484)	(444)	(383)	(367)	(5)	(4)	—	(1)	(872)	(816)
of which: write-downs and expenses in connection with credit management and provision charges	(174)	(226)	(147)	(139)		—	—	—	(321)	(365)
Change in inventories	29	16	18	6		—	—	—	47	22
Internally generated assets	430	458	102	93		—	6	8	538	559
EBITDA	**3,577**	**3,519**	**2,141**	**1,839**	**(8)**	**(12)**	**—**	**1**	**5,710**	**5,347**
Depreciation and amortization	(3,545)	(3,518)	(1,318)	(1,259)			—	—	(4,863)	(4,777)
Gains (losses) on disposals of non-current assets	(22)	23	10	13	—	—	1	—	(11)	36
Impairment reversals (losses) on non-current assets		—	—	—	—	—	—	—	—	—
EBIT	**10**	**24**	**833**	**593**	**(8)**	**(12)**	**1**	**1**	**836**	**606**
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(12)	35	(17)	(11)	—	—	—	(1)	(29)	23
Other income (expenses) from investments									53	206
Finance income									1,095	1,115
Finance expenses									(2,835)	(2,538)
Profit (loss) before tax from continuing operations									**(880)**	**(588)**
Income tax expense									(227)	(2,066)
Profit (loss) from continuing operations									**(1,107)**	**(2,654)**
Profit (loss) from Discontinued operations/Non-current assets held for sale									—	—
Profit/(Loss) for the year									**(1,107)**	**(2,654)**
Attributable to:										
Owners of the Parent									**(1,441)**	**(2,925)**
Non-controlling interests									334	271

Revenues by operating segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues from equipment sales - third party	1,201	1,059	142	129		—	—	—	1,343	1,188
Revenues from equipment sales - intragroup	—	—	(1)	—	—	—	1	—	—	—
Total revenues from equipment sales	**1,201**	**1,059**	**141**	**129**		**—**	**1**	**—**	**1,343**	**1,188**
Revenues from services - third party	10,684	10,767	4,269	3,833	—	—	—	—	14,953	14,600
Revenues from services - intragroup	37	32	2	1	—	—	(39)	(33)	—	—
Total revenues from services	**10,721**	**10,799**	**4,271**	**3,834**		**—**	**(39)**	**(33)**	**14,953**	**14,600**
Total third-party revenues	11,885	11,826	4,411	3,962	—	—	—	—	16,296	15,788
Total intragroup revenues	37	32	1	1	—	—	(38)	(33)	—	—
Total revenues by operating segment	**11,922**	**11,858**	**4,412**	**3,963**	**—**	**—**	**(38)**	**(33)**	**16,296**	**15,788**

Purchase of intangible, tangible and rights of use assets by operating segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Purchase of intangible assets	729	913	183	215	—	—	—	—	912	1,128
Purchase of tangible assets	2,298	2,178	643	650	—	—	—	—	2,941	2,828
Purchase of rights of use assets	674	464	542	489	—	—	—	—	1,216	953
Total purchase of intangible, tangible and rights of use assets	**3,701**	**3,555**	**1,368**	**1,354**	**—**	**—**	**—**	**—**	**5,069**	**4,909**
of which: capital expenditures	*3,148*	*3,207*	*834*	*870*	*—*	*—*	*—*	*—*	*3,982*	*4,077*
of which: increases in lease/leasing contracts for rights of use assets	*553*	*348*	*534*	*484*	*—*	*—*	*—*	*—*	*1,087*	*832*

Headcount by Operating Segment

(number of units)	Domestic		Brazil		Other Operations		Consolidated Total	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Headcount	**37,901**	**40,984**	**9,267**	**9,395**	**12**	**13**	**47,180**	**50,392**

Assets and liabilities by Operating Segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Non-current operating assets	40,769	40,747	7,916	7,970	1	1	—	2	48,686	48,720
Current operating assets	4,027	3,975	1,046	907	19	19	(48)	(40)	5,044	4,861
Total operating assets	44,796	44,722	8,962	8,877	20	20	(48)	(38)	53,730	53,581
Investments accounted for using the equity method	266	262	271	277	—	—	—	—	537	539
Discontinued operations /Non-current assets held for sale										—
Unallocated assets									7,892	7,907
Total Assets									**62,159**	**62,027**
Total operating liabilities	9,746	8,886	2,214	2,133	22	23	(85)	(105)	11,897	10,937
Liabilities directly associated with Discontinued operations/Non-current assets held for sale										—
Unallocated liabilities									32,749	32,365
Equity									17,513	18,725
Total Equity and Liabilities									**62,159**	**62,027**

(b) Reporting by geographical area

(million euros)		Revenues				Non-current operating assets	
		Breakdown by location of operations		Breakdown by location of customers		Breakdown by location of operations	
		2023	2022	2023	2022	12.31.2023	12.31.2022
Italy	(a)	11,590	11,553	10,987	10,928	40,549	40,495
Outside Italy	(b)	4,706	4,235	5,309	4,860	8,137	8,225
Total	**(a+b)**	**16,296**	**15,788**	**16,296**	**15,788**	**48,686**	**48,720**

(c) Information about major customers

None of the TIM Group's customers exceeds 10% of consolidated revenues.

NOTE 40
RELATED-PARTY TRANSACTIONS

The following tables show the figures relating to related party transactions and the impact of those amounts on the TIM Group's separate consolidated income statement, consolidated statements of financial position and consolidated statements of cash flows.

Pursuant to Art. 5, paragraphs 8 and 9, of Consob Regulation no. 17221 of March 12, 2010 concerning "Related-party transactions" and subsequent amendments, in the 2023 financial year there are no transactions of greater importance, as defined by the Art. 4, paragraph 1, letter. a) of the aforementioned regulation which have significantly influenced the financial situation or results of the TIM Group.

In addition, there were no transactions concluded in 2023 that significantly impacted the equity position or results of the TIM Group, nor were there any changes or developments with respect to the related-party transactions described in the 2022 Report on Operations which had a significant effect on the financial position or on the performance of the TIM Group in 2023.

Related-party transactions, when not dictated by specific laws, were conducted at arm's length. They were performed in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation 17221/2010. The current procedure is available on the website gruppotim.it, under the Group - Governance - Governance Tools - Other Codes and Procedures section.

The effects of the related-party transactions on the TIM Group separate consolidated income statement line items for 2023 and 2022 are as follows:

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS 2023

(million euros)	Total (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties (b)	% of financial statement item (b/a)
Revenues	16,296	44	312			356	2.2
Other income	206	2	(11)			(9)	(4.4)
Acquisition of goods and services	7,518	124	207			331	4.4
Employee benefits expenses	2,987			74	17	91	3.0
Depreciation and amortization	4,863		5			5	0.1
Finance expenses	2,835	4				4	0.1

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS 2022

(million euros)	Total (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties (b)	% of financial statement item (b/a)
Revenues	15,788	17	154			171	1.1
Other income	213	3				3	1.4
Acquisition of goods and services	7,239	270	221			491	6.8
Employee benefits expenses	3,180			76	24	100	3.1
Depreciation and amortization	4,777	29	4			33	0.7
Finance expenses	2,538	12				12	0.5

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

The effects of related-party transactions on the TIM Group separate consolidated statements of financial position line items at December 31, 2023 and December 31, 2022, are as follows:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS AT 12/31/2023

(million euros)	Total (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties (b)**	% of financial statement item (b/a)
Net financial debt						
Non-current financial receivables arising from lease contracts	(112)		(64)		**(64)**	57.1
Current financial receivables arising from lease contracts	(162)		(53)		**(53)**	32.7
Non-current financial liabilities for lease contracts	4,743		2		**2**	—
Current financial liabilities for financing contracts and others	5,771	2			**2**	—
Current financial liabilities for lease contracts	838		3		**3**	0.4
Total net financial debt	25,776	2	(112)		**(110)**	(0.4)
Other statement of financial position line items						
Rights of use assets	5,515		51		**51**	0.9
Miscellaneous receivables and other non-current assets	2,187	2			**2**	0.1
Trade and miscellaneous receivables and other current assets	4,699	50	44		**94**	2.0
Miscellaneous payables and other non-current liabilities	1,326		19		**19**	1.4
Trade and miscellaneous payables and other current liabilities	9,384	29	71	23	**123**	1.3

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS AT 12/31/2022

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties** (b)	% of financial statement item (b/a)
Net financial debt						
Non-current financial receivables arising from lease contracts	**(49)**		(1)		**(1)**	2.0
Current financial receivables arising from lease contracts	**(69)**		(11)		**(11)**	15.9
Non-current financial liabilities for lease contracts	**4,597**		10		**10**	0.2
Current financial liabilities for lease contracts	**870**		13		**13**	1.5
Total net financial debt	**25,370**		**11**		**11**	**—**
Other statement of financial position line items						
Rights of use assets	**5,488**		38		**38**	0.7
Miscellaneous receivables and other non-current assets	**2,365**	1			**1**	—
Trade and miscellaneous receivables and other current assets	**4,539**	26	55		**81**	1.8
Miscellaneous payables and other non-current liabilities	**1,146**		21		**21**	1.8
Trade and miscellaneous payables and other current liabilities	**8,199**	34	91	24	**149**	1.8

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

The effects of the related-party transactions on the significant TIM Group consolidated statements of cash flows line items for 2023 and 2022 are as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS 2023

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties** (b)	% of financial statement item (b/a)
Purchase of intangible, tangible and rights of use assets on an accrual basis	**5,069**	39	27		**66**	1.3

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS 2022

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties** (b)	% of financial statement item (b/a)
Purchase of intangible, tangible and rights of use assets on an accrual basis	**4,909**	42	29		**71**	1.4

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

Transactions with associates, subsidiaries of associates and joint ventures

The most significant values of the transactions with associates, subsidiaries of associates and joint ventures are summarized in the tables below.

It should be noted that following the sale by TIM, on August 4, 2022, of 41% of the share capital of the holding company Daphne 3 S.p.A., which holds a 29.9% stake in Italian Wireless Infrastructure ("INWIT"), INWIT ceased to be a related party; Therefore, the following tables show only the income statement line items for the 2022 financial year, which reflect the transactions carried out up to the date of sale.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	TYPE OF CONTRACT
Revenues			
Polo Strategico Nazionale S.p.A.	72	16	Supply of software and related installation and configuration services; security services; cloud services, Data Center spaces, connectivity, design.
INWIT S.p.A.		15	Voice and data transmission services for company use, Desktop Management ICT services, IRU transfer of Dark Optic Fiber and Local Infrastructure, Easy IP ADSL service, property leasing and maintenance services.
I-Systems S.A.	5	7	Services related to network operation and maintenance.
Italtel S.p.A.	2	1	Fixed and mobile telephony services including equipment, licenses and outsourcing services.
NordCom S.p.A.	1	1	Fixed and mobile telephony services including equipment, Microsoft maintenance and licenses, network connections and outsourcing.
TIMFin S.p.A.	(36)	(23)	Mobile and fixed voice services, outsourcing services and fees; costs related to financing transactions recognised as a reduction of the Parent Company TIM S.p.A.'s revenues.
Total revenues	**44**	**17**	
Other income	**2**	**3**	Recovery of seconded personnel costs, recovery of centralized expenses.
Acquisition of goods and services			
INWIT S.p.A.		167	Services for BTS sites, power supply systems for the supply of electricity of the hosted devices, monitoring and security services (alarms) and management and maintenance services, remote management and monitoring of the electricity consumption of TIM technological infrastructures (BTS) hosted at INWIT sites.
I-Systems S.A.	80	67	Supply of multimedia communication services and capacity services.
Italtel S.p.A.	34	27	Supply of equipment and software licenses and related professional services; hardware and software maintenance services linked to TIM offers to end customers; network and security equipment maintenance services for a period of 24 months linked to the TIM offer for the customer Poste Italiane; supplies for the expansion of TIM's fiber network.
W.A.Y. S.r.l.	9	8	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
Other minor companies	1	1	
Total acquisition of goods and services	**124**	**270**	
Depreciation and amortization		**29**	Amortisation of rights of use on backhauling connections to INWIT S.p.A.
Finance expenses			
INWIT S.p.A.		9	Finance expenses related to financial liabilities for rights of use.
TIMFin S.p.A.	4	3	Finance expenses for commission and other finance expenses.
Total finance expenses	**4**	**12**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	TYPE OF CONTRACT
Net financial debt			
Current financial liabilities for financing contracts and others	2	—	Financial liabilities for expenses on the transfer of receivables in respect of TIMFin S.p.A.
Other statement of financial position line items			
Miscellaneous receivables and other non-current assets	2	1	Prepayment (non-current portion) of costs to Italtel S.p.A.
Trade and miscellaneous receivables and other current assets			
Polo Strategico Nazionale S.p.A.	45	20	Supply of products, software installation and configuration services, cloud servers, Data Center spaces, connectivity and design
I-Systems S.A.	1	3	Services related to network operation and maintenance.
Italtel S.p.A.	2	1	Supply of fixed and mobile telephone services including equipment, Microsoft licenses and outsourcing services; prepayment (current portion) of costs.
W.A.Y. S.r.l.	1	1	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
Other minor companies	—	1	
Total trade and miscellaneous receivables and other current assets	**50**	**26**	
Trade and miscellaneous payables and other current liabilities			
Italtel S.p.A.	10	15	Supply contracts connected with investment and operation.
I-Systems S.A.	11	9	Supply of multimedia communication services and capacity services.
TIMFin S.p.A.	5	8	Miscellaneous costs for loans.
W.A.Y. S.r.l.	2	2	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
Total trade and miscellaneous payables and other current liabilities	**29**	**34**	

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	2023	2022	TYPE OF CONTRACT
Purchase of intangible, tangible and rights of use assets on an accrual basis			
Italtel S.p.A.	39	35	Software development, FTTH design for FiberCop works, supply of hardware and software, installations of hardware and engineering services for the network platforms; supplies for the expansion of TIM's fiber network.
INWIT S.p.A.		7	IRU acquisition of backhauling connections, supply of plants, installation and related activations for the extension of indoor radio mobile coverage relating to TIM offerings to end customers.
Total purchase of intangible, tangible and rights of use assets on an accrual basis	**39**	**42**	

Transactions with other related parties (through directors, statutory auditors and key managers, as well as participants in shareholder agreements pursuant to Article 122 of the Consolidated Law on Finance)

Details are provided below of the transactions with:

- Vivendi Group and the companies of the group that it belongs to;
- Cassa Depositi e Prestiti Group (CDP) and Group subsidiaries;
- Companies related through Directors, Statutory Auditors and Key Managers with strategic responsibilities.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	TYPE OF CONTRACT
Revenues			
Cassa Depositi e Prestiti Group	311	153	Transfer of rights to use lead-in ducts and revenues for the rental of vertical segments, IRU transfer of rights to use dark fiber installation and infrastructures; supply of housing, dark fiber maintenance and dedicated GEA/Giganet connectivity services, fixed and mobile voice services and devices, application outsourcing services, cloud services, maintenance services to Open Fiber (formerly Metroweb) and electricity supply services.
Vivendi group	1	1	Circuit rental services and feasibility study for routing and submarine cable interface solutions in America to the Vivendi Group.
Total revenues	**312**	**154**	
Other income	(11)		Reversal of a CDP Group company's reimbursement due to Telenergia following the Council of State's decision no. 5002/2023 whereby the Court affirmed the right of Telenergia to retain the amounts collected under AEEGSI decision no. 333/2016.
Acquisition of goods and services			
Cassa Depositi e Prestiti Group	40	77	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables) and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa (primary network portion).
Havas Group	159	139	Service & advisory activities in the purchase of media space by the TIM Group; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM Group data room management services
Vivendi group	8	5	Operational management of TIM's "TIM I Love Games" online store platform and related developments; TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses.
Total acquisition of goods and services	**207**	**221**	
Depreciation and amortization	**5**	**4**	Purchase of underground infrastructure in black areas and purchase of connected fiber to Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti group.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	TYPE OF CONTRACT
Net financial debt			
Non-current financial assets	**(64)**	**(1)**	Lease agreements for aerial infrastructure with Open Fiber (Cassa Depositi e Prestiti group).
Current financial assets	**(53)**	**(11)**	Lease agreements for infrastructure with Open Fiber (Cassa Depositi e Prestiti group).
Non-current financial liabilities	**2**	**10**	Leasing contract for Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti group
Current financial liabilities	**3**	**13**	Payable for purchase in IRU infrastructure from Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti group.
Other statement of financial position line items			
Rights of use assets	**51**	**38**	Supply and installation of vertical segments and infrastructures for Open Fiber (a company of the Cassa Depositi e Prestiti group).
Trade and miscellaneous receivables and other current assets			
Cassa Depositi e Prestiti Group	43	55	IRU transfer of rights to use dark fiber installation and infrastructures; supply of housing, dark fiber maintenance and dedicated GEA/Giganet connectivity services, fixed and mobile voice services and devices, application outsourcing services, cloud services, maintenance services and electricity supply.
Havas Group	1	—	Prepaid expenses related to costs for advertising services.
Total trade and miscellaneous receivables and other current assets	**44**	**55**	
Miscellaneous payables and other non-current liabilities			
Cassa Depositi e Prestiti Group	18	19	Deferred income from deferred fees.
Vivendi group	1	2	Deferred income for IRU sale.
Total miscellaneous payables and other non-current liabilities	**19**	**21**	
Trade and miscellaneous payables and other current liabilities			
Cassa Depositi e Prestiti Group	32	47	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables), use and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa (primary network portion) and purchase of electricity.
Havas Group	36	42	Service & advisory activities in the purchase of media space by the TIM Group; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM data room management services.
Vivendi group	3	2	Purchase of musical and television digital content, operative management of the TIM S.p.A. on-line store platform "TIM I Love Games" and related developments. TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses.
Total trade and miscellaneous payables and other current liabilities	**71**	**91**	

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	2023	2022	TYPE OF CONTRACT
Purchase of intangible, tangible and rights of use assets on an accrual basis			
Cassa Depositi e Prestiti Group	27	28	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables), use and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa (primary network portion).
Vivendi group	—	1	Development of the discovery phase and MYCanal+ platform supply for the TimVision Service.
Total purchase of intangible, tangible and rights of use assets on an accrual basis	**27**	**29**	

Transactions with pension funds

The most significant amounts are summarized as follows:

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	TYPE OF CONTRACT
Employee benefits expenses			Contributions to pension funds.
Fontedir	8	9	
Telemaco	63	64	
Other pension funds	3	3	
Total employee benefits expenses	**74**	**76**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	TYPE OF CONTRACT
Trade and miscellaneous payables and other current liabilities			Payables for contributions to pension funds.
Fontedir	2	3	
Telemaco	20	20	
Other pension funds	1	1	
Total trade and miscellaneous payables and other current liabilities	**23**	**24**	

Remuneration to key managers

In 2023, the total remuneration recorded on an accrual basis by TIM or by Group subsidiaries in respect of key managers amounted to 18 million euros (24 million euros in 2022).

(million euros)	2023	2022
Short-term remuneration	15 (1)	14 (3)
Long-term remuneration		1
Employment termination benefit incentives		5 (4)
Share-based payments (*)	3 (2)	4 (5)
Total	**18**	**24**

(*) These refer to the fair value of the rights, accrued to December 31, under the share-based incentive plans of TIM S.p.A. and its subsidiaries (Long Term Incentive, Stock Options Plan and Plans of the subsidiaries).
(1) of which 1.4 million euros recorded by the subsidiaries;
(2) of which 0.5 million euros recorded by the subsidiaries;
(3) of which 1.2 million euros recorded by the subsidiaries;
(4) of which 0.1 million euros recorded by the subsidiaries;
(5) of which 2.8 million euros recorded by the subsidiaries.

Short-term remuneration is paid during the reference year, and, at the latest, within the six months following the end of that period and, in 2023, do not include the effects of assessment differences related to 2022 costs amounting to -0.4 million euros. Likewise, they do not take in the value referring to the taxable amount of the LTI 2020-2022 Plan shares granted during the first half of 2023, amounting to 0.6 million euros.

In 2023, the contributions paid in to defined contribution plans (Assida and Fontedir) by TIM S.p.A. on behalf of key managers, amounted to 230,900 thousand euros (212,000 thousand euros in 2022).

In 2023, "Key managers", i.e. those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the operations of the TIM Group, including directors, were the following:

Directors:		
Pietro Labriola		Managing Director and Chief Executive Officer of TIM S.p.A. General Manager of TIM S.p.A.
Managers:		
Alberto Maria Griselli		Diretor Presidente TIM S.A.
Adrian Calaza Noia	(1)	Chief Financial Office
Paolo Chiriotti	(2)	Chief Human Resources & Organization Office
Simone De Rose	(3)	Head of Procurement & Logistics
Massimo Mancini		Chief Enterprise Market Office
Giovanni Gionata Massimiliano Moglia	(4)	Chief Regulatory Affairs Office
Agostino Nuzzolo	(5)	Head of Legal & Tax
Claudio Giovanni Ezio Ongaro	(6)	Chief Strategy, Business Development & Wholebuy Office
Elisabetta Romano		Chief Network, Operations & Wholesale Office
Andrea Rossini	(7)	Chief Consumer, Small & Medium and Mobile Wholesale Market Office
Eugenio Santagata	(8)	Chief Public Affairs & Security Office
Elio Schiavo		Chief Enterprise and Innovative Solutions Office

(1) From November 24, 2023, Interim Head of Administration, Finance & Control in the Chief Network, Operations & Wholesale Office.
(2) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(3) From November 23, 2023, Head of Procurement. From November 24, 2023, also Interim Head of Procurement in the Chief Network, Operations & Wholesale Office.
(4) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(5) From November 24, 2023, Interim Head of Legal & Tax in the Chief Network, Operations & Wholesale Office.
(6) Until November 23, 2023, Head of the Chief Strategy & Business Development Office. From November 24, 2023, also Interim Head of Strategy & Business Development in the Chief Network, Operations & Wholesale Office.
(7) Until November 23, 2023, Head of the Chief Consumer, Small & Medium Market Office.
(8) From November 24, 2023, Interim Head of Public Affairs & Security in the Chief Network, Operations & Wholesale Office.

NOTE 41
EQUITY COMPENSATION PLANS

Equity compensation plans in force at December 31, 2023, are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Group.

However, it should be noted that these plans do not have any significant effect on the economic result or on the financial position or on cash flows at December 31, 2023.

A summary is provided below of the plans in place at December 31, 2023.

Description of stock option plans

TIM S.p.A. 2022-2024 Stock Option Plan

The Shareholders' Meeting held on April 7, 2022, approved the one-shot 2022-2024 Stock Option Plan. The Plan aims to encourage Beneficiaries to create value for the Company's shareholders, aligning management's interests with the interests of TIM shareholders in terms of achieving the qualified objectives of the Industrial Plan and growth in the value of the Share in the medium-term. The Plan intends to also assure the possibility of attracting new managers from the outside, as the Industrial Plan is implemented.

The 2022-2024 Stock Options Plan is intended for the CEO, Top Management and a select number of managers of the TIM Group who hold key roles in terms of achieving the Strategic Plan objectives.

The Plan has a strike price of 0.4240 euros, a three-year vesting period (1.1.2022-12.31.2024) and a two-year exercise period (from approval of the 2024 financial statements and through to the next two years).

The following performance conditions are also envisaged for the three-year period 2022-2024:

- Cumulative (reported) Economic-financial indicator (EBITDA-CapEx) with a weight of 70%
- ESG indicators with a total weight of 30%, structured into:
  - percentage of women in positions of responsibility (15%);
  - percentage of consumption of renewable energies (15%).

The level of achievement of the indicators determines the accrual of option rights over an interval that ranges from -10% to + 10% with respect to the target number allocated per bracket.

At December 31, 2023, there were a total of 145 addressees and the number of options assigned at target is 197,645,537.

For further details, see the Information Document on the initiative at https://www.gruppotim.it/content/dam/gt/investitori/doc---avvisi/anno-2022/ita/Doc-informativo-Piano-stock-option-22-24.pdf.

Description of other compensation plans

TIM S.p.A. - Long Term Incentive Plan 2020-2022

The Shareholders' Meeting of April 23, 2020 approved the launch of the rolling and equity based long-term incentive plan called LTI 2020-2022.

The Plan envisaged three incentive cycles, connected with the performance three-year periods 2020-2022, 2021-2023, 2022-2024; over time, two of the three incentive cycles have been launched: 2020-2022, 2021-2023.

On April 7, 2022, the Shareholders' Meeting approved, after acknowledging the changes in scenario, the obsolescence of the 2020-2022 Long Term Incentive Plan and replaced the third cycle of this plan with the new 2022-2024 Stock Options Plan described previously.

For more details on the 2020-2022 LTI Plan, see to the TIM Group's Consolidated Financial Statements as at December 31, 2022.

2020-2022 Cycle

The final results of the performance indicators tied to this cycle were approved by the TIM S.p.A. Board of Directors on March 15, 2023. 10,879,774 shares were assigned to the 102 beneficiaries still employed with TIM or the Group's subsidiaries as of December 31, 2022.

2021-2023 Cycle

The final results of the performance indicators tied to this cycle were approved by the TIM S.p.A. Board of Directors on March 6, 2024.

Valuation at December 31, 2023 of the gate to accessing maturity of the performance shares is below the value of the share at the Plan start-up: failure to satisfy the Gate condition determines the forfeiture of 28,913,829 Performance Shares at target and the maintenance - for the 107 recipients continuing their employment with TIM or Group subsidiaries at December 31, 2023 - of the right to receive a total of 8,619,620 shares (Attraction/Retention Shares).

TIM S.A. – Long Term Incentive Plan 2018-2020

On April 19, 2018, the General Meeting of Shareholders of TIM Participações S.A. (now TIM S.A.) approved the long-term incentive plan for managers in key positions in the Company. The plan aimed to reward participants with shares issued by the company, subject to specific temporal and performance conditions. The portion of shares linked to performance (70%) is granted 1/3 each year, if the performance target is achieved; the remaining portion of shares (30%) is granted 3 years after allocation (restricted share). The vesting period is 3 years (with annual measurement) and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form.

The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

Year 2018

On April 20, 2018, plan beneficiaries were granted the right to receive a total of 849,932 shares, of which 594,954 performance shares restricted to performance conditions and with gradual vesting over 3 years and 254,978 restricted shares, with a vesting period of 3 years.

At December 31, 2023, 100% of the rights assigned were considered as vested.

Year 2019

On July 30, 2019, plan beneficiaries were granted the right to receive a total of 930,662 shares, of which 651,462 performance shares restricted to performance conditions and with gradual vesting over 3 years and 279,200 restricted shares, with a total vesting period of 3 years.

At December 31, 2023, 100% of the rights assigned were considered as vested.

Year 2020

On April 14, 2020, plan beneficiaries were granted the right to receive a total of 796,054 shares, of which 619,751 performance shares restricted to performance conditions and with gradual vesting over 3 years and 176,303 restricted shares, with a total vesting period of 3 years.

Three vesting periods ended on December 31, 2023:

- **In 2021**: in compliance with the results approved on May 5, 2021, 267,145 shares were transferred to beneficiaries, of which 206,578 relating to the original volume accrued, 51,634 granted according to the degree to which objectives had been achieved and 8,933 shares as a result of the dividends distributed during the period.
- **In 2022**: in compliance with the results approved on April 26, 2022, in July 337,937 shares were transferred to beneficiaries, of which 252,024 relating to the original volume accrued, 63,029 granted according to the degree to which objectives had been achieved and 22,884 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in June of the amount corresponding to 3,478 shares (2,593 relating to the original volume accrued, 649 acknowledged according to the degree to which the objectives had been achieved and 236 due to dividends distributed during the period).
- **In 2023**: in compliance with the results approved on May 8, 2023, in July 284,922 shares were transferred to beneficiaries, of which 230,188 relating to the original volume accrued, 25,174 granted according to the degree to which objectives had been achieved and 29,560 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 37,714 shares (30,471 relating to the original volume accrued, 3,330 acknowledged according to the degree to which the objectives had been achieved and 3,913 due to dividends distributed during the period).

At December 31, 2023, of the original volume assigned of 796,054 shares, 74,200 had been canceled due to the beneficiaries having left the company and 605,082 shares had been transferred to beneficiaries (458,602 related to the original volume vested, 114,663 recognized on the basis of performance achieved and 31,817 for effect of dividends distributed during the period). For participants transferred to other Group companies, as per the Plan rules, payment in cash was considered of the amount corresponding to 3,478 shares (2,593 relating to the original volume accrued, 649 acknowledged according to the degree to which the objectives had been achieved and 236 due to dividends distributed during the period), thus completing the 2020 grant.

TIM S.A. – Long Term Incentive Plan 2021-2023

On March 30, 2021, the General Meeting of Shareholders of TIM S.A. approved the long-term incentive plan for managers in key positions in the company. The plan aims to reward participants with shares issued by the company, according to specific time (restricted shares) and performance (performance shares) conditions. The vesting period is 3 years and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form. The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

Year 2021

On May 5, 2021, plan beneficiaries were granted the right to receive a total of 3,431,610 shares, of which 3,173,142 performance shares restricted to performance conditions and with gradual vesting over 3 years and 258,468 restricted shares, with a vesting period of 3 years.

In 2021, the Special Grant was added to the traditional plan, a further extraordinary concession with the aim of encouraging the closure of the purchase operation for part of Oi Móvel's assets in Brazil as well as the success of the subsequent integration operations.

Of the total 3,431,610 shares granted, 1,151,285 relate to the traditional grant (with 892,817 performance shares and 258,468 restricted shares) and 2,280,325 refer to the Special Grant.

On February 9, 2023, the Board of Directors agreed to adjust the number of performance shares granted under the Special Grant by 220,743 to conform the award to the new participant role.

On December 31, 2023, two vesting periods were completed:with regard to the**traditional** grant:

- **2022**: in compliance with the results approved on April 26, 2022, in July 572,608 shares were transferred to beneficiaries, of which 463,608 relating to the original volume accrued, 87,605 granted according to the degree to which objectives had been achieved and 21,395 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in June of the amount corresponding to 3,486 shares (2,883 relating to the original volume accrued, 473 acknowledged according to the degree to which the objectives had been achieved and 130 due to dividends distributed during the period).
- **2023**: in compliance with the results approved on May 8, 2023, in July 169,462 shares were transferred to beneficiaries, of which 128,384 relating to the original volume accrued, 28,484 granted according to the degree to which objectives had been achieved and 12,594 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 17,576 shares (13,316 relating to the original volume accrued, 2,954 acknowledged according to the degree to which the objectives had been achieved and 1,306 due to dividends distributed during the period).

Regarding the ***Special Grant***:

- **2022**: in compliance with the results approved on April 26, 2022, 601,936 shares were transferred to beneficiaries in July, of which 579,451 relating to the original volume accrued and 22,485 shares as a result of the dividends distributed during the period.
- **2023**: in compliance with the results approved on May 8, 2023, in July 1,038,041 shares were transferred to beneficiaries, of which 829,161 relating to the original volume accrued, 131,775 granted according to the degree to which objectives had been achieved and 77,105 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 92,254 shares (76,087 relating to the original volume accrued, 9,314 acknowledged according to the degree to which the objectives had been achieved and 6,853 due to dividends distributed during the period).

As of December 31, 2023, 737,521 of a total of 3,431,610 allocated shares had been canceled due to beneficiaries leaving the Company. This left a total of 821,942 shares that could be vested at the end of the period.

Year 2022

On April 26, 2022, plan beneficiaries were granted the right to receive a total of 1,227,712 shares, of which 927,428 performance shares restricted to performance conditions and with gradual vesting over 3 years and 300,284 restricted shares, with a vesting period of 3 years.

2023: in compliance with the results approved on May 8, 2023, in July 392,460 shares were transferred to beneficiaries, of which 264,305 relating to the original volume accrued, 110,928 granted according to the degree to which objectives had been achieved and 17,227 shares as a result of the dividends distributed during the period. At December 31, 2023, 192,105 shares had been canceled due to beneficiaries leaving the company. 392,460 shares were transferred to the beneficiaries, leaving a total of 771,302 shares that could be vested at the end of the period.

Year 2023

On July 31, 2023, plan beneficiaries were granted the right to receive a total of 1,560,993 shares, of which 1,189,900 performance shares restricted to performance conditions and with gradual vesting over 3 years and 371,093 restricted shares, with a vesting period of 3 years.

At December 31, 2023, the first vesting period had not yet concluded and 25,389 shares had been canceled due to beneficiaries leaving the Company.

Calculation of fair value measurement of the granted options and rights

Parameters used to determine the fair value – TIM S.p.A.

Plans/Parameters	Exercise price (euros)	Nominal value (euros) (1)	Volatility (2)	Duration	Expected dividends (euros) (3)	Risk-free interest rate (4)
2020-2022 LTI Plan – Second Cycle (2021-23)	—	0.42	n.a.	3 years	0.01	-0.720% at 3 years
SOP 2022-2024	0.424	—	34.6%	3 years	0.02	0.479% at 3 years

(1) Arithmetic mean of the official prices of the Shares recognized starting from the stock market trading day prior to that of assignment until the thirtieth previous ordinary calendar day (both included) on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation refer as the divisor, cut off at the second decimal.
(2) Based on the performance objectives of the plan, the TIM share volatility values were considered and, if necessary, also those of the securities of the major companies of the telecommunications sector ("peer basket").
(3) Dividends have been estimated on the basis of Bloomberg data.
(4) The risk-free interest rate refers to the rate of government bonds of the Federal Republic of Germany (market benchmark for transactions in euros) on the valuation date with a maturity consistent with the reporting period.

Parameters used for the assignments of TIM S.A.

Plans/Parameters	Nominal value (reais)	Duration
PS/RS Plan 2018	14.41	3 years
PS/RS Plan 2019	11.28	3 years
PS/RS Plan 2020	14.40	3 years
PS/RS Plan 2021	12.95	3 years
PS/RS Plan 2022	13.23	3 years
PS/RS Plan 2023	12.60	3 years

Effects on the income statement and statement of financial position

Equity compensation plans which call for payment in equity instruments are recorded at fair value (except for the 2018 Plan of TIM S.A.) which represents the cost of such instruments at the grant date and is recorded in the separate income statements under "Employee benefits expenses" over the period between the grant date and the vesting period with a contra-entry to the equity reserve ("Other equity instruments"). For the portion of the plans that provide for the payment of compensation in cash, the amount is recognized in liabilities as a contra-entry to "Employee benefits expenses". Equity compensation plans which call for payment in equity instruments did not have significant impacts either on the income statements or the statements of financial position or of cash flows of the TIM Group at December 31, 2023.

NOTE 42

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The effect of 2023 non-recurring events and transactions on the equity, profit, net financial debt and cash flows of the TIM Group is set out below in accordance with Consob Communication DEM/6064293 of July 28, 2006. The non-recurring effects on Equity and Profit (loss) for the year are shown net of tax effects.

(million euros)		Equity	Profit (loss) for the year	Net financial debt carrying amount	Cash flows (*)
Carrying amount	**(a)**	**17,513**	**(1,107)**	**25,776**	**(661)**
Other income		(11)	(11)	20	(20)
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects and other expenses		(42)	(42)	39	(39)
Employee benefits expenses - Charges connected to corporate reorganization/restructuring and other costs		(477)	(477)	389	(389)
Other operating expenses - Expenses related to disputes and regulatory sanctions and potential liabilities related to them, other provisions and charges		(126)	(126)	121	(121)
Net losses on disposals of non-current assets:		(4)	(4)	(3)	3
Other income (expenses) from investments		26	26	—	—
Other finance income		(2)	(2)	—	—
Other finance expenses		(34)	(34)	—	—
Total non-recurring effects	**(b)**	**(670)**	**(670)**	**566**	**(566)**
Income/(Expenses) relating to Discontinued operations	**(c)**	**—**	**—**	**—**	**—**
Figurative amount – financial statements	**(a–b-c)**	**18,183**	**(437)**	**25,210**	**(95)**

(*) Cash flows refer to the increase (decrease) in Cash and cash equivalents during the year.

The impact of non-recurring items on the separate consolidated income statement line items is as follows:

(million euros)	2023	2022
Other income:		
Recovery of operating expenses	(11)	23
Acquisition of goods and services, Change in inventories:		
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects and other costs	(44)	(56)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(484)	(572)
Other operating expenses:		
Expenses related to disputes and regulatory sanctions and potential liabilities related to them, other provisions and charges	(134)	(77)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(673)**	**(682)**
Gains (losses) on disposals of non-current assets:		
Net losses on disposals of non-current assets:	(3)	—
Impact on Operating profit (loss) (EBIT)	**(676)**	**(682)**
Other income (expenses) from investments:		
Net capital gain on corporate transactions	46	203
Finance income:		
Other finance income	(4)	—
Finance expenses:		
Other finance expenses	(35)	(11)
Impact on profit (loss) before tax from continuing operations	**(669)**	**(490)**
Tax realignment pursuant to Decree Law 104/2020 Art. 110	—	(1,964)
Income tax expense on non-recurring items	(1)	17
Impact on Profit (loss) for the year	**(670)**	**(2,437)**

NOTE 43

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, a statement is made to the effect that in 2023 the TIM Group did not pursue any atypical and/or unusual transactions, as defined by that Communication.

NOTE 44

OTHER INFORMATION

(a) Exchange rates used to translate the financial statements of foreign operations(*)

(local currency against 1 euro)		Year-end exchange rates (statements of financial position) 12.31.2023	12.31.2022	Average exchange rates for the year (income statements and statements of 2023	2022
Europe					
BGN	Bulgarian Lev	1.95580	1.95580	1.95580	1.95580
CZK	Czech koruna	24.72400	24.11600	24.00227	24.56358
CHF	Swiss franc	0.92600	0.98470	0.97174	1.00475
TRY	Turkish lira	32.65310	19.96490	25.72788	17.40879
GBP	Pound sterling	0.86905	0.88693	0.86984	0.85268
RON	Romanian leu	4.97560	4.94950	4.94676	4.93133
RUB	Russian ruble	99.55840	77.95160	92.48971	73.30944
North America					
USD	U.S. dollar	1.10500	1.06660	1.08157	1.05335
Latin America					
VES	Venezuelan bolivar	39.62740	18.04390	30.78872	6.87673
BOB	Bolivian boliviano	7.64290	7.38750	7.46531	7.25140
PEN	Peruvian nuevo sol	4.09640	4.08040	4.04772	4.03697
ARS	Argentine peso	894.53730	189.69730	319.80098	137.13626
CLP	Chilean peso	974.79000	909.36000	908.72842	917.46919
COP	Colombian peso	4,287.88000	5,194.90000	4,672.59585	4,474.96042
BRL	Brazilian real	5.34964	5.56520	5.40158	5.43993
Other countries					
ILS	Israeli shekel	3.99930	3.75540	3.98749	3.53485
NGN	Nigerian naira	1,008.82030	493.65090	693.02751	449.06170

(*) Source: Data processed by the European Central Bank, Reuters and major Central Banks.

(b) Research and Development

Costs for research and development activities are represented by external costs, dedicated employee benefits expenses and depreciation and amortization. Details are as follows:

(million euros)	2023	2022
Research and development costs expensed during the year	48	49
Capitalized development costs	1,016	906
Total research and development costs (expensed and capitalized)	**1,064**	**955**

The increase of 109 million euros compared to 2022 is mainly attributable to the consolidation of activities on the 5G network in relation to NRRP projects.

In the 2023 Separate Consolidated Income Statement, a total of 866 million euros of amortization expense was recorded for development costs, capitalized during the year and in prior years.

Research and development activities carried out by the TIM Group are described in detail in the Report on Operations ("Innovation, Research and Development" section).

(c) Lease income

The TIM Group has entered into lease contracts on land and buildings for office and industrial use, mobile network infrastructure sites and network infrastructure; at December 31, 2023 and at December 31, 2022 the lease installments at nominal value still to be collected totaled:

(million euros)	12.31.2023	12.31.2022
Within next year	97	91
From 1 to 2 years after the end of the reporting period	46	39
From 2 to 3 years after the end of the reporting period	41	38
From 3 to 4 years after the end of the reporting period	39	34
From 4 to 5 years after the end of the reporting period	37	33
Beyond 5 years after the end of the reporting period	34	30
Total	**294**	**265**

(d) Public Funds

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In this regard, the following table shows the disbursements collected by the TIM Group in the years 2023 and 2022:

Distributing entity	Area of intervention	Received in 2023 (million euros)	Received in 2022 (million euros)
Fondimpresa/Fondirigenti	training	3	3
Infratel	construction of network infrastructure	758 (*)	3
Ministry of Enterprises and Made in Italy (formerly the Ministry of Economic Development)[1]	research and innovation	3	3
ANPAL	training	3	—
Other[2]		1	1
Total[3]		**768**	**10**

(*) include 488 million euros collected on January 2, 2024.
(1) 2023 – includes ChAALenge Project
(2) 2023 – MUR; Sector affected: research
(3) 2022 - includes 0.7 million euros in returns

TIM S.p.A. has been included among the beneficiaries of the Ministry Decree (Enterprise and Made in Italy) of March 5, 2018 and the ChAALenge innovation agreement of March 17, 2021 for a joint Research and Development project (Prog. no. F/180016/01-05/X43 - CUP B49J22002110005).

The project's "Smart Everything Everywhere" mode; aims to improve the quality of life of frail people in every environment by building an integrated system to support frailty and aging.

The project was rolled out between January 1, 2021 and December 31, 2023. In 2023, TIM received contributions of 366,600.33 euros.

(e) Directors' and statutory auditors' remuneration

Total remuneration due for 2023 to the directors and statutory auditors of TIM S.p.A. for the performance of these functions at the Parent and in other consolidated companies totaled 4.166 million euros for directors and 0.610 million euros for statutory auditors. In reference to the compensation to which the Directors are entitled, it should be noted that the amount was calculated by considering only compensation for corporate offices (in primis those under Article 2389, subsections 1 and 3 of the Italian Civil Code), thus excluding amounts relating to any employment relationship with the companies of the Group and any non-monetary fringe benefits; for a complete and detailed description of the compensation paid to the directors and statutory auditors, reference should be made to the Compensation Report, available at the Company's headquarters and on the corporate website at the following address: gruppotim.it/assemblea.

(f) Summary schedule of fees due to the audit firm and other firms in its network

The following schedule reports the fees due to EY S.p.A. and to the other firms in the EY network for the audit of the 2023 financial statements, and the fees referring to 2023 for other audit and review services, and for other services besides audit rendered to the companies of the TIM Group from EY S.p.A. and other firms in the EY network. The out-of-pocket expenses incurred for these services in 2023 are also shown.

(euros)	EY S.p.A.			Other entities of the EY network			
	TIM S.p.A.	Company subsidiaries	TIM Group	TIM S.p.A.	Company subsidiaries	TIM Group	Total EY network
Audit services	2,933,822	2,397,473	5,331,295	—	2,395,156	2,395,156	7,726,451
Audit services with the issue of certification	223,094	—	223,094	—	43,195	43,195	266,289
Certification of compliance of the Consolidated Non-Financial Statement	82,239	—	82,239	—	52,022	52,022	134,261
Other services	37,000	—	37,000	—	—	—	37,000
Total 2023 fees due for auditing and other services to the EY network	**3,276,155**	**2,397,473**	**5,673,628**	**—**	**2,490,373**	**2,490,373**	**8,164,001**
Out-of-pocket expenses	50,490	25,630	76,120	—	29,157	29,157	105,277
Total	**3,326,645**	**2,423,103**	**5,749,748**	**—**	**2,519,530**	**2,519,530**	**8,269,278**

NOTE 45
EVENTS AFTER DECEMBER 31, 2023

TIM: received an offer from the Ministry of Economy and Finance for the purchase of Sparkle

On January 31, 2024, TIM received an offer from the Ministry of Economy and Finance to purchase Sparkle. The offer also references the possibility of negotiating another option, with possible adjustments to the contractual conditions, in the event that TIM retains a minority stake for a certain period of time and supports the implementation of the strategic plan.

TIM's Board of Directors met on February 7, 2024 to examine the offer. Deeming the offer to be unsatisfactory, the Board mandated the CEO to negotiate a different option with the Ministry with adjustments to the contractual conditions whereby TIM would retain a stake in the company for a certain period of time and support the implementation of the strategic plan.

TIM: clarifications on the seizure by the Milan Public Prosecutor's Office

On February 29, 2024, TIM S.p.A. (hereinafter also referred to as "the Company") was served a seizure order issued on February 8, 2024 by the Milan Preliminary Investigation Judge, ordering the preventive seizure of sums held in current accounts in the Company's name, for a total amount of €248,941,282.30.

The measure relates to an alleged cyber fraud (Article 640-ter of the Criminal Code) regarding "VAS" (Value Added Services) provided by third-party companies called CSPs ("Content Service Provider").

In this regard, it should be noted that TIM S.p.A. is not under investigation in the proceedings in question, and that the offence in dispute is not included among those which, under Legislative Decree no. 231 of 2001, could theoretically constitute a basis for an administrative offence attributable to the Company.

With specific reference to TIM S.p.A., evidence of a possible instance of fraud in this area only emerged in 2019, due to the significant number of disallowances of VAS services recorded in that year.

During this period, the Company reported these events to the Public Prosecutor's Office in Rome. The resulting proceedings – currently in the process of being dismissed – confirmed the Company's status as victim of the offence.

Moreover, the Company promptly took all necessary actions to neutralize the phenomenon of illicit activations of VAS services.

TIM, through its lawyers, is examining this matter and considering the most appropriate legal steps.

NOTE 46
LIST OF COMPANIES OF THE TIM GROUP

In accordance with Consob Communication DEM/6064293 dated July 28, 2006, the list of companies is provided herein.

The list is divided by type of investment, consolidation method and operating segment.

The following is indicated for each company: name, head office, country and share capital in the original currency. In addition to the percentage ownership of share capital, the percentage of voting rights in the ordinary shareholders' meeting, if different from the percentage holding of share capital, and which companies hold the investment.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
PARENT COMPANY						
TIM S.p.A.	MILAN	EUR	11,677,002,855			
SUBSIDIARIES CONSOLIDATED LINE-BY-LINE						
DOMESTIC BU						
CD FIBER S.r.l. (design, construction, maintenance and management of network infrastructure services and high-speed electronic communication systems)	ROME	EUR	50,000	100.0000		TIM S.p.A.
FIBERCOP S.p.A. (infrastructures, networks, passive cabled access services to the premises of end users to be offered to TLC operators throughout Italy)	MILAN	EUR	10,000,000	58.0000		TIM S.p.A.
GLOBAL SPACE TRE S.r.l. (in liquidation) (ICT services)	ROME	EUR	10,000	100.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
MED 1 SUBMARINE CABLES Ltd (construction and management of the submarine cable lev1)	RAMAT GAN (ISRAEL)	ILS	9,607,583	100.0000		TELECOM ITALIA SPARKLE S.p.A.
MINDICITY S.r.l. SOCIETA' BENEFIT (design, development, implementation, installation, management and marketing of software, hardware, electronic IT systems and telecommunications systems)	CASALMAGGIORE (CREMONA)	EUR	10,000	70.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
NOOVLE AI S.r.l. (in liquidation) (ICT services)	ROVERETO (TRENTO)	EUR	10,000	100.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
NOOVLE INTERNATIONAL SAGL (ICT services)	PREGASSONA (SWITZERLAND)	CHF	20,000	100.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
NOOVLE MALTA Ltd (ICT services)	GZIRA (MALTA)	EUR	10,000	90.0000		NOOVLE INTERNATIONAL SAGL
NOOVLE S.p.A. SOCIETA' BENEFIT (design, implementation and management of infrastructures and data center services)	MILAN	EUR	1,000,000	100.0000		TIM S.p.A.
NOOVLE SICILIA S.c.a.r.l. (in liquidation) (ICT services)	PALERMO	EUR	50,000	80.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
OLIVETTI PAYMENT SOLUTIONS S.p.A. (in liquidation) (management of equity investments, study and research activities, commercial, industrial, financial movable and real estate activities)	MILAN	EUR	50,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
OLIVETTI S.p.A. SOCIETA' BENEFIT (production and sale of office equipment and information technology services)	IVREA (TURIN)	EUR	11,000,000	100.0000		TIM S.p.A.
PANAMA DIGITAL GATEWAY S.A. (telecommunications services and data center management)	PANAMA CITY (PANAMA)	USD	10,000	60.0000		TELECOM ITALIA SPARKLE S.p.A.
STAER SISTEMI S.r.l. (activities connected with the production and marketing of electronic systems and programs and activities connected with energy efficiency plants)	ROME	EUR	419,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
TELECOM ITALIA SPARKLE S.p.A. (completion and management of telecommunications services for public and private use)	ROME	EUR	200,000,000	100.0000		TIM S.p.A.
TELECOM ITALIA TRUST TECHNOLOGIES S.r.l. (other operations related to non-classified IT services)	POMEZIA (ROME)	EUR	7,000,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
TELECOM ITALIA VENTURES S.r.l. (investment holding company)	MILAN	EUR	10,000	100.0000		TIM S.p.A.
TELECONTACT CENTER S.p.A. (telemarketing services)	NAPLES	EUR	3,000,000	100.0000		TIM S.p.A.
TELEFONIA MOBILE SAMMARINESE S.p.A. (development and management of mobile telecommunications plants and services)	BORGO MAGGIORE (SAN MARINO)	EUR	78,000	51.0000		TIM SAN MARINO S.p.A.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
TELENERGIA S.r.l. (import, export, purchase, sale and trade of electricity)	ROME	EUR	100,000	100.0000		TIM S.p.A.
TELSY S.p.A. (production, installation, maintenance, reconditioning and sale of terminals, radio telephones, telecommunications and electronic systems in general)	TURIN	EUR	5,390,000	100.0000		TIM S.p.A.
TI SPARKLE AMERICAS Inc. (managed bandwidth services)	MIAMI (USA)	USD	10,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ARGENTINA S.A. (managed bandwidth services)	BUENOS AIRES (ARGENTINA)	ARS	9,998,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE AUSTRIA GmbH (telecommunications services)	VIENNA (AUSTRIA)	EUR	2,735,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE BELGIUM S.P.R.L. - B.V.B.A. (telecommunications services)	BRUSSELS (BELGIUM)	EUR	2,200,000	99.9967 0.0033		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TI SPARKLE BRASIL PARTIÇIPAÇÕES Ltda (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	71,563,866	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE BRASIL TELECOMUNICAÇÕES Ltda (managed bandwidth services)	RIO DE JANEIRO (BRAZIL)	BRL	69,337,363	99.9999 0.0001		TI SPARKLE BRASIL PARTIÇIPAÇÕES Ltda TI SPARKLE AMERICAS Inc.
TI SPARKLE BULGARIA EOOD (telecommunications)	SOFIA (BULGARIA)	BGN	100,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE CHILE S.p.A. (managed bandwidth services)	SANTIAGO (CHILE)	CLP	5,852,430,960	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE COLOMBIA Ltda (managed bandwidth services)	BOGOTA (COLOMBIA)	COP	12,635,774,000	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE CZECH S.R.O. V LIKVIDACI (in liquidation) (telecommunications services)	PRAGUE (CZECH REPUBLIC)	CZK	6,720,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE FRANCE S.A.S. (installation and management of telecommunications services for fixed network and related activities)	PARIS (FRANCE)	EUR	18,295,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE GERMANY GmbH (telecommunications services)	FRANKFURT (GERMANY)	EUR	25,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE GREECE S.A. (telecommunications)	ATHENS (GREECE)	EUR	368,760	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ISRAEL Ltd (international wholesale telecommunication services)	RAMAT GAN (ISRAEL)	ILS	1,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE NETHERLANDS B.V. (telecommunications services)	AMSTERDAM (NETHERLANDS)	EUR	18,200	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE NORTH AMERICA, Inc. (telecommunications and promotional services)	NEW YORK (USA)	USD	15,550,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE PANAMA S.A. (managed bandwidth services)	PANAMA CITY (PANAMA)	USD	10,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE PERU' S.A. (managed bandwidth services)	LIMA (PERU)	PEN	57,101,788	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE PUERTO RICO LLC (managed bandwidth services)	SAN JUAN (PUERTO RICO)	USD	3,050,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ROMANIA S.r.l. (telecommunications services)	BUCHAREST (ROMANIA)	RON	3,021,560	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE RUSSIA LLC (telecommunications Services)	MOSCOW (RUSSIA)	RUB	8,520,000	99.0000 1.0000		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TI SPARKLE SINGAPORE Pte.Ltd (telecommunications services)	SINGAPORE	USD	5,121,120	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE NORTH AMERICA, Inc.
TI SPARKLE SLOVAKIA S.R.O. V LIKVIDÁCII (in liquidation) (telecommunications services)	BRATISLAVA (SLOVAKIA)	EUR	300,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE SPAIN TELECOMMUNICATIONS S.L. (telecommunications services)	MADRID (SPAIN)	EUR	1,687,124	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ST. CROIX LLC (managed bandwidth services)	VIRGIN ISLANDS (USA)	USD	1,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE SWITZERLAND GmbH (telecommunications services)	ZURICH (SWITZERLAND)	CHF	2,000,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE TURKEY TELEKOMÜNIKASYON ANONIM SIRKETI (telecommunications services)	ISTANBUL (TURKEY)	TRY	65,000,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE UK Ltd (value-added and networking services)	LONDON (UNITED KINGDOM)	EUR	3,983,254	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE VENEZUELA C.A. (managed bandwidth services)	CARACAS (VENEZUELA)	VES	10	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TIM MY BROKER S.r.l. (insurance brokerage)	ROME	EUR	10,000	100.0000		TIM S.p.A.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
TIM RETAIL S.r.l. (sale of fixed and mobile telecommunications products and services and all analog and digital broadcasting equipment)	MILAN	EUR	2,402,241	100.0000		TIM S.p.A.
TIM SAN MARINO S.p.A. (San Marino telecommunications management)	BORGO MAGGIORE (SAN MARINO)	EUR	1,808,000	100.0000		TIM S.p.A.
TIS LAGOS LIMITED (telecommunications services)	LAGOS (NIGERIA)	NGN	10,000,000	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TS-WAY S.r.l. (safeguarding and protecting the company's IT assets in the field of IT security)	ORVIETO (TERNI)	EUR	11,364	100.0000		TELSY S.p.A.
BRAZIL BU						
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	8,227,356,500	99.9999 0.0001		TELECOM ITALIA FINANCE S.A. TIM S.p.A.
TIM S.A. (telecommunications services)	RIO DE JANEIRO (BRAZIL)	BRL	13,477,890,508	66.5882 0.0005	66.5885	TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. TIM S.A.
OTHER OPERATIONS						
OLIVETTI DEUTSCHLAND GmbH (sale of office equipment and supplies)	NÜRNBERG (GERMANY)	EUR	25,600,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
OLIVETTI UK Ltd (sale of office equipment and supplies)	NORTHAMPTON (UNITED KINGDOM)	GBP	6,295,712	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
TELECOM ITALIA CAPITAL S.A. (financial company)	LUXEMBOURG	EUR	2,336,000	100.0000		TIM S.p.A.
TELECOM ITALIA FINANCE S.A. (financial company)	LUXEMBOURG	EUR	1,818,691,979	100.0000		TIM S.p.A.
TELECOM ITALIA LATAM PARTICIPAÇÕES E GESTÃO ADMINISTRATIVA Ltda (telecommunications and promotional services)	SAO PAULO (BRAZIL)	BRL	118,925,804	99.9997		TIM S.p.A.

Company name	Reg. office	Currenc y	Share Capital	% Ownership	% of voting rights	Participating companies
ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD						
AREE URBANE S.r.l. (in bankruptcy) (real estate management)	MILAN	EUR	100,000	32.6200		TIM S.p.A.
DAPHNE 3 S.p.A. (acquisition, holding, management and disposal of shareholdings in INWIT)	MILAN	EUR	100,000	10.0000	(*)	TIM S.p.A.
I-SYSTEMS S.A. (telecommunications systems)	RIO DE JANEIRO (BRAZIL)	BRL	1,794,287,995	49.0000		TIM S.A.
ITALTEL S.p.A. (telecommunications systems)	ROME	EUR	5,692,956	17.7200	(*)	TIM S.p.A.
NORDCOM S.p.A. (application service provider)	MILAN	EUR	5,000,000	42.0000		TIM S.p.A.
PEDIUS S.r.l. (Specialized telecommunications applications, telephone line telecommunications, VoIP services)	ROME	EUR	181	16.5553	(*)	TELECOM ITALIA VENTURES S.r.l.
POLO STRATEGICO NAZIONALE S.p.A. (design, preparation, set-up and provision of a high-reliability national data network infrastructure for public administration)	ROME	EUR	3,000,000	45.0000		TIM S.p.A.
QTI S.r.l. (development, production and marketing of innovative products and services with high technological value)	FLORENCE	EUR	19,608	49.0000		TELSY S.p.A.
SMART STRUCTURES SOLUTIONS S.r.l. (engineering activities)	ROME	EUR	15,000	36.0000		STAER SISTEMI S.r.l.
TIGLIO I S.r.l. (in liquidation) (real estate management)	MILAN	EUR	100,000	47.8020		TIM S.p.A.
TIMFIN S.p.A. (financing to the general public, including financing in the form of personal and consumer loans)	TURIN	EUR	40,000,000	49.0000		TIM S.p.A.
W.A.Y. S.r.l. (development and marketing of security and logistics geolocation products and systems)	TURIN	EUR	136,383	40.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
WEBIDOO S.p.A. (ICT services)	MILAN	EUR	242,357	10.0195	(*)	TELECOM ITALIA VENTURES S.r.l.
WESCHOOL S.r.l. (research and development, commercialization and patenting of all intellectual works related to technology, information technology and telecommunications)	MILAN	EUR	25,000	15.0160	(*)	TELECOM ITALIA VENTURES S.r.l.

(*) Associated company over which TIM S.p.A. directly or indirectly exercises significant influence pursuant to IAS 28 (*Investments in associates and joint ventures*).

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
OTHER MAJOR INVESTMENTS						
CONSORZIO ITALIAN BROADCASTING ADVANCE SOLUTIONS (I.B.A.S.) (consultancy services for the management of joint promotional activities and related public relations of consortium members)	DESENZANO DEL GARDA (BRESCIA)	EUR	16,000	12.5000		STAER SISTEMI S.r.l.
DAHLIA TV S.p.A. (in liquidation) (pay-per-view services)	ROME	EUR	11,318,833	10.0786		TIM S.p.A.
FIN.PRIV. S.r.l. (financial company)	MILAN	EUR	20,000	14.2850		TIM S.p.A.
MIX S.r.l. (internet service provider)	MILAN	EUR	2,500,000	11.0937		TIM S.p.A.
WIMAN S.r.l. (in liquidation) (development, management and implementation of platforms for WI-Fi authentication on social media)	MATTINATA (FOGGIA)	EUR	22,233	13.4935		TELECOM ITALIA VENTURES S.r.l.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 DATED MAY 14, 1999, AS AMENDED

1. We, the undersigned, Pietro Labriola, as Chief Executive Officer, and Adrian Calaza Noia, as Manager responsible for preparing TIM S.p.A. financial reports, certify, having also considered the provisions of Article 154-bis, subsections 3 and 4, of Italian Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used in the preparation of the consolidated financial statements for the 2023 fiscal year.

2. TIM has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:

   3.1. the Consolidated Financial Statements at December 31, 2023:

   a) have been prepared in compliance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS), as well as the legislative and regulatory provisions in force in Italy, including, in particular, the measures enacted for the implementation of Article 9 of Italian Legislative Decree 38 of February 28, 2005;

   b) agree with the results of the accounting records and entries;

   c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company and its consolidated subsidiaries;

   3.2. The Report on Operations contains a reliable operating and financial review of the Company and of the consolidated Group, as well as a description of their exposure to the main risks and uncertainties. The Report on Operations also contains a reliable analysis of information concerning significant related-party transactions.

March 6, 2024

L'Amministratore Delegato

Pietro Labriola

Il Dirigente preposto alla redazione dei documenti contabili societari

Adrian Calaza Noia

INDEPENDENT AUDITORS' REPORT

EY S.p.A.
Via Meucci, 5
10121 Torino

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
TIM S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of TIM Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of TIM S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Impairment test of goodwill – Domestic	
As of December 31, 2023, goodwill amounts to Euro 19,170 million and refers for Euro 18,153 million to the Domestic cash generating unit ("CGU") and for Euro 1.017 million to the Brazil CGU. The processes and methodologies used by the Group to evaluate and determine the recoverable amount of each CGU, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecast of future cash flows and to the estimate of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgment required and the complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered this area a key audit matter. Disclosures related to the assessment of goodwill are reported in note 5 "Goodwill" and in note 2 "Accounting policies" in the paragraphs "Intangible assets - Goodwill"," Impairment of intangible, tangible and rights of use assets - Goodwill" and "Use of estimates".	Our audit procedures in response to the key audit matter included, among others: ► the assessment of the processes implemented by the Group with reference to the criteria and methodology of the impairment test; ► the validation of the CGUs perimeter and the test of the allocation of the carrying value of the Group's assets to each CGU; ► the assessment of the reasonableness of the future cash flows forecasts, including comparisons with sector data and forecasts, utilized in the fair value determination; ► the assessment of the consistency of the future cash flows forecasts of each CGU with the Group business plan; ► the assessment of forecasts in light of their historical accuracy; ► the assessment of the reasonableness of long-term growth rates and discount rates. The procedures referred to in the previous points also concerned the analysis of the assessments performed by the independent experts appointed by the Group. In performing our analysis, we involved our experts in valuation techniques, who performed an independent recalculation and carried out sensitivity analyses on the key assumptions in order to determine which changes in the assumptions could materially affect the recoverable amount. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regards to the valuation of goodwill.

Revenue recognition

TIM Group's revenues amounted to Euro 16,296 million as of December 31, 2023, and refer almost entirely to the telecommunications services rendered to retail and wholesale customers (other telecommunications operators).

Procedures over the accounting of revenues required significant focus in the context of our audit procedures due to (i) a highly complex accounting process due to the number of commercial offers, the number of underlying application systems and the related reconciliation processes, (ii) the presence of certain manual phases in the revenue recognition process, in particular for services provided to large customers and (iii) the complexity in estimating commitments connected to certain contracts.

The Group provides the relative disclosures in Note 26 "Revenues" of the consolidated financial statements.

Our audit procedures in response to the key audit matter included, among others:

- an understanding of the processes underlying the revenue recognition;
- the understanding and verification of the design and operating effectiveness of the relevant controls over the revenue recognition process;
- the analysis of the application systems supporting the revenue recognition process;
- the assessment that the accounting policy adopted for the main commercial offers is consistent with the provisions of the reference accounting standard;
- the analysis, on a sample basis, of some significant transactions relating to invoices issued and invoices to be issued, in order to verify that the contractual data and the evidence supporting the actual service rendered and / or goods transferred were consistent with the accounting policy adopted;
- the analysis of the valuation of certain contracts identified as onerous contracts;
- the analysis of the reconciliation of the management accounts with the accounting records in connection with the main balance sheet items related to customer relations;
- the analysis of the manual journal entries.

We also required external confirmations for a sample of customers and transactions.

Lastly, we reviewed the adequacy of the disclosure provided in the notes to the consolidated financial statements with regards to the revenue recognition process.

Regulatory disputes

As of December 31, 2023, TIM Group is involved in several regulatory disputes in progress, many of which are characterized by

Our audit procedures in response to the key audit matter included, among others:

- an understanding of the process put in place significant counterparty requests.

The main disputes concern (i) the 28-day billing proceeding, in which AGCOM ordered TIM to reimburse customers for unused service days, (ii) the I820 proceeding in which AGCM fined TIM for a conduct restricting market competition, (iii) the I857 proceeding for a possible agreement restricting market competition in connection with the partnership with DAZN and (iv) the A514, and the related "follow-on" proposed by some other OLOs, procedure in which the AGCM charged TIM with conduct aimed at hindering the entry on the market of a new operator.

The assessment of the disputes was carried out by Management, as of 31 December 2023, based on the opinion of the external lawyers, as well as considering the latest information available.

The estimation of the risks connected to the disputes in which the Group is involved, requires a high degree of judgment by the management and, also considering the complexity of the regulatory framework, we considered this area a key audit matter.

Disclosures related to the assessment of the risks relating to the regulatory disputes in which the Group is involved is reported in note 25 "Disputes and pending legal actions, other information, commitments and guarantees".

by Management for assessing disputes, accompanied by test of the effectiveness of the internal controls relevant for this process;

- inquiries with Management regarding the main assumptions made in connection with disputes;
- testing of the "Legal Suite" database in order to assess the completeness of the proceedings in which the company is involved;
- the analysis of the legal opinions prepared by external consultants, based on which Management has based its assessments;
- the analysis of the responses received from external lawyers following our external confirmations procedures.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements.

Fiscal disputes in Brazil

As of December 31, 2023, the TIM Group is involved in several disputes with the Brazilian tax authorities.

The maximum potential liability associated with these disputes, as at December 31, 2023, amounts to Euro 3.6 billion. With reference to this potential liability, the Group recognized a provision of Euro 125 million with regards to the risks deemed probable.

The assessment of the risk related to the tax disputes in Brazil in which the Group is involved, requires a high degree of judgment by the Management and, also considering the

Our audit procedures in response to the key audit matter included, among others:

- an understanding of the process put in place by Management for assessing disputes, accompanied by test of the effectiveness of the controls relevant for this process;
- inquiries with Management regarding the main assumptions made in connection with disputes;
- the analysis of the legal opinions prepared by external consultants, based on which Management has based its assessments;

significance of the amounts involved, we considered it to be a key audit matter.

Disclosures related to the assessment of the risks relating to the fiscal disputes in which the Group is involved is reported in note 25 "Disputes and pending legal actions, other information, commitments and guarantees".

- the analysis of the responses to our external confirmation procedures received from external lawyers, also with the involvement of our experts in tax disputes.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regards to the disputes in which the Group is involved, based on their compliance with the international accounting standards and their consistency with the results of our audit procedures.

Recoverability of deferred tax assets

As of December 31, 2023, deferred tax assets amount, net of impairment, to Euro 701 million in the consolidated financial statements.

Deferred tax assets refer to the temporary deductible differences between the book and fiscal values of assets and liabilities in the financial statements.

The recoverability of the carrying amount of the deferred tax assets is subject to management's evaluation and is based on the estimations of the future taxable income expected in the years in which they will be reversed.

The processes and methodologies used to evaluate and determine the recoverable amount of these assets, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the consistency of the forecasts of future taxable income expected by the Group with those included in the business plan.

Considering the level of judgment required and the complexity of the assumptions applied in estimating future taxable amount used to determine the recoverability of the deferred tax assets, we considered this area a key audit matter.

Disclosures related to the assessment of recoverability of deferred tax assets are reported in note 2 "Accounting policies" in the paragraphs "Income tax expense (current and deferred)" and "Use of estimates" and in note

Our audit procedures in response to the key audit matter included, among others:

- the assessment of the reasonableness of the assumptions underlying the estimation of future taxable income and the reconciliation with the figures included in the Group's business plan;
- the assessment of the reasonableness of the accuracy of the forecasts compared with prior periods;
- the assessment of the Management calculations.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regards to the recoverability of deferred tax assets.

12 "Income tax expense (current and deferred)".

Non-current assets held for sale/Discontinued operations

In execution of the resolutions adopted by the Board of Directors in November 2023, TIM S.p.A. signed the "Transaction Agreement" whit KKR which regulates:

- the contribution by TIM S.p.A. of a business unit - consisting of activities relating to the primary network, wholesale activity and the entire shareholding in the subsidiary Telenergia S.r.l. - in FiberCop S.p.A., a company that already manages the activities relating to the fiber and copper secondary network; and
- the simultaneous purchase by Optics Bidco (an entity controlled by KKR) of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself (also referred to as "Net.Co"), following the aforementioned contribution.

The transaction agreement provides that on the closing date a Master Services Agreement will be signed which will regulate the terms and conditions of the services that will be provided between NetCo and TIM S.p.A. following the completion of the transaction.

Once these activities are completed and the conditions precedent are fulfilled, NetCo will be classified by TIM as an Asset held for sale in accordance with IFRS 5.

Considering the level of judgment required and the complexity of the assumptions applied in assessing the potential impacts of the transaction, we considered this area a key audit matter.

Disclosures related to the transaction are reported in note 2 "Accounting policies" in the paragraph "Non-current assets held for sale/Discontinued operations".

Our audit procedures in response to the key audit matter included, among others:

- the analysis of contracts and documentation prepared by TIM and its Advisors to support management's decision-making process;
- the analysis of the procedure implemented by the Company for the identification of the perimeter subject to the transaction and the consistency of the assumptions used with respect to the criteria and methodology for the identification of the CGUs for the purposes of the impairment test;
- verifying the reasonableness of the assumptions used and the forecasts formulated regarding the effects of the transaction, once completed, in order to verify that, where appropriate, they have been reflected in the financial statements as at 31 December 2023;

In performing our analysis, we involved our experts in valuation techniques in order to verify the consistency between the analysis carried out by management and the assumptions used for the impairment test of the Domestic CGU.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company TIM S.p.A. or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our

- conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of TIM S.p.A., in the general meeting held on March 29, 2019, engaged us to perform the audits of the separate and consolidated financial statements for each of the years ending December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of TIM S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in the XHTML and have been marked-up, in all material aspects format in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of TIM S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of TIM Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of TIM Group] as at December 31 ,2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of TIM Group as at December 31, 2023, and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of TIM S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Turin, March 26, 2024

EY S.p.A.
Signed by: Ettore Abate, Auditor

As disclosed by the Directors, the accompanying consolidated financial statements of TIM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

TIM S.P.A. SEPARATE FINANCIAL STATEMENTS

CONTENTS

TIM S.P.A. SEPARATE FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

Assets

(euros)	notes	12.31.2023	*of which with related parties*	12.31.2022	*of which with related parties*
Non-current assets					
Intangible assets					
Goodwill	3)	12,063,469,183		12,063,469,183	
Intangible assets with a finite useful life	4)	4,578,957,442		5,023,361,711	
		16,642,426,625		**17,086,830,894**	
Tangible assets	5)				
Property, plant and equipment owned		**6,561,464,614**		**6,837,233,046**	
Rights of use assets	6)	**3,270,484,717**	*154,407,000*	**3,188,196,838**	*169,257,000*
Other non-current assets					
Investments	7)	10,902,395,052		11,020,493,862	
Non-current financial receivables arising from lease contracts	8)	6,237,932	*700,000*	8,023,910	*921,000*
Other non-current financial assets	8)	3,886,198,407	*3,121,389,000*	3,494,016,653	*2,379,071,000*
Miscellaneous receivables and other non-current assets	9)	1,794,904,658	*301,830,000*	1,877,954,278	*305,752,000*
Deferred tax assets	10)	405,800,781		461,377,116	
		16,995,536,830		**16,861,865,819**	
Total Non-current assets	**(a)**	**43,469,912,786**		**43,974,126,597**	
Current assets					
Inventories	11)	197,573,793		193,025,376	
Trade and miscellaneous receivables and other current assets	12)	4,560,827,085	*1,324,660,000*	4,292,564,748	*1,087,813,000*
Current income tax receivables	10)	42,088,505		33,883,108	
Investments					
Current financial assets					
Current financial receivables arising from lease contracts		*67,810,292*	*1,465,000*	*45,212,240*	*3,842,000*
Securities other than investments, other financial receivables and other current financial assets		*1,032,474,037*	*462,769,000*	*467,090,594*	*373,286,000*
Cash and cash equivalents		598,149,745	*38,187,000*	**1,375,041,398**	*217,832,000*
	8)	**1,698,434,074**		**1,887,344,232**	
Total Current assets	**(b)**	**6,498,923,457**		**6,406,817,464**	
Total Assets	**(a+b)**	**49,968,836,243**		**50,380,944,061**	

Equity and Liabilities

(euros)	notes	12.31.2023	*of which with related parties*	12.31.2022	*of which with related parties*
Equity	13)				
Share capital issued		11,677,002,855		11,677,002,855	
less: Treasury shares		(57,442,495)		(63,390,972)	
Share capital		**11,619,560,360**		**11,613,611,883**	
Additional paid-in capital		**575,673,347**		**2,133,374,023**	
Legal reserve		**2,335,400,571**		**2,335,400,571**	
Other reserves					
Reserve for remeasurements of employee defined benefit plans (IAS 19)		(72,960,270)		(65,428,740)	
Other		(306,065,772)		1,312,303,219	
Total Other reserves		**(379,026,042)**		**1,246,874,479**	
Retained earnings (accumulated losses), including profit (loss) for the year		**(995,364,448)**		**(3,076,991,836)**	
Total Equity	**(c)**	**13,156,243,788**		**14,252,269,120**	
Non-current liabilities					
Non-current financial liabilities for financing contracts and others	14)	18,094,374,819	*4,619,413,000*	18,778,886,217	*4,375,103,000*
Non-current financial liabilities for lease contracts	14)	2,710,085,065	*21,378,000*	2,600,472,610	*25,278,000*
Employee benefits	19)	471,484,414		630,496,530	
Deferred tax liabilities	10)				
Provisions	20)	254,410,281		517,495,742	
Miscellaneous payables and other non-current liabilities	21)	1,047,472,729	*31,815,000*	874,686,710	*35,291,000*
Total Non-current liabilities	**(d)**	**22,577,827,308**		**23,402,037,809**	
Current liabilities					
Current financial liabilities for financing contracts and others	14)	5,982,984,808	*1,894,370,000*	5,690,041,905	*1,925,774,000*
Current financial liabilities for lease contracts	14)	467,242,905	*38,276,000*	458,964,216	*28,276,000*
Trade and miscellaneous payables and other current liabilities	22)	7,784,537,434	*875,597,000*	6,577,631,011	*872,636,000*
Total Current Liabilities	**(e)**	**14,234,765,147**		**12,726,637,132**	
Total Liabilities	**(f=d+e)**	**36,812,592,455**		**36,128,674,941**	
Total Equity and Liabilities	**(c+f)**	**49,968,836,243**		**50,380,944,061**	

SEPARATE INCOME STATEMENTS

(euros)	notes	Financial Year 2023	of which with related parties	Financial Year 2022	of which with related parties
Revenues	24)	**12,139,760,490**	*1,717,926,000*	**12,097,644,713**	*1,562,691,000*
Other income	25)	227,453,658	*47,410,000*	244,920,968	*67,303,000*
Total operating revenues and other income		**12,367,214,148**		**12,342,565,681**	
Acquisition of goods and services	26)	(7,859,677,533)	*(2,604,244,000)*	(7,601,869,032)	*(2,793,533,000)*
Employee benefits expenses	27)	(2,376,931,440)	*(85,306,000)*	(2,578,444,051)	*(86,557,000)*
Other operating expenses	28)	(436,121,419)	*(2,137,000)*	(419,894,307)	*(8,355,000)*
Change in inventories	29)	8,480,139		27,854,116	
Internally generated assets	30)	299,455,256		315,459,353	
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**2,002,419,151**		**2,085,671,760**	
of which: impact of non-recurring items	38)	*(638,609,000)*		*(619,685,000)*	
Depreciation and amortization	31)	(2,743,259,895)	*(15,010,000)*	(2,758,998,171)	*(43,722,000)*
Gains (losses) on disposals of non-current assets	32)	(16,525,562)		24,181,484	*(223,000)*
Impairment reversals (losses) on non-current assets	33)	(156,927)		(160,520)	
Operating profit (loss) (EBIT)		**(757,523,233)**		**(649,305,447)**	
of which: impact of non-recurring items	38)	*(637,051,000)*		*(619,685,000)*	
Income/(expenses) from investments	34)	910,574,690	*1,084,826,000*	408,459,952	*111,322,000*
Finance income	35)	998,791,946	*528,784,000*	1,414,652,393	*842,831,000*
Finance expenses	35)	(2,193,369,036)	*(645,342,000)*	(2,408,011,869)	*(621,766,000)*
Profit (loss) before tax		**(1,041,525,633)**		**(1,234,204,971)**	
of which: impact of non-recurring items	38)	*(685,874,000)*		*(317,387,000)*	
Income tax expense	10)	46,161,185		(1,842,786,865)	
Profit (loss) for the year		**(995,364,448)**		**(3,076,991,836)**	
of which: impact of non-recurring items	38)	*(673,346,000)*		*(2,281,314,000)*	

STATEMENTS OF COMPREHENSIVE INCOME

Note 13

(euros)		Financial Year 2023	Year 2022
Profit (loss) for the year	**(a)**	**(995,364,448)**	**(3,076,991,836)**
Other components of the Statements of Comprehensive Income			
Other components that will not be reclassified subsequently to Separate Income Statements			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		2,505,980	(1,980,773)
Income tax effect		(40,455)	23,235
	(b)	**2,465,525**	**(1,957,538)**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		(7,531,530)	68,075,979
Income tax effect		—	(16,338,235)
	(c)	**(7,531,530)**	**51,737,744**
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 Income Statements	**(e=b+c+d)**	**(5,066,005)**	**49,780,206**
Other components that will be reclassified subsequently to Separate Income Statements			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		3,763,077	(17,440,366)
Loss (profit) transferred to the Separate Income Statements		—	—
Income tax effect		(903,139)	4,185,688
	(f)	**2,859,938**	**(13,254,678)**
Hedging instruments:			
Profit (loss) from fair value adjustments		(237,337,146)	1,019,166,673
Loss (profit) transferred to the Separate Income Statements		100,158,258	(68,735,605)
Income tax effect		32,922,933	(228,103,456)
	(g)	**(104,255,955)**	**722,327,612**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Loss (profit) transferred to the Separate Income Statements		—	—
Income tax effect		—	—
	(h)	**—**	**—**
Total other components that will be reclassified subsequently to Separate Income Statements	**(i= f+g+h)**	**(101,396,017)**	**709,072,934**
Total other components of the Statements of Comprehensive Income	**(k= e+i)**	**(106,462,022)**	**758,853,140**
Total comprehensive income (loss) for the year	**(a+k)**	**(1,101,826,470)**	**(2,318,138,696)**

STATEMENTS OF CHANGES IN EQUITY

Changes in Equity from January 1 to December 31, 2022

(euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured through fair value adjustment through other comprehensive income	Reserve for hedging instruments	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	**Total Equity**
Balance at December 31, 2021	**11,613,611,883**	**2,133,374,023**	**13,240,169**	**(945,248,630)**	**(117,166,484)**	**3,866,569,160**	**16,564,380,121**
Changes in equity during the year:							
Total comprehensive income (loss) for the year			(15,212,216)	722,327,612	51,737,744	(3,076,991,836)	**(2,318,138,696)**
Equity instruments						5,983,768	**5,983,768**
Other changes						43,927	**43,927**
Balance at December 31, 2022	11,613,611,883	2,133,374,023	(1,972,047)	(222,921,018)	(65,428,740)	795,605,019	**14,252,269,120**

Changes in Equity from January 1 to December 31, 2023 – Note 13

(euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	**Total Equity**
Balance at December 31, 2022	11,613,611,883	2,133,374,023	(1,972,047)	(222,921,018)	(65,428,740)	795,605,019	**14,252,269,120**
Changes in equity during the year:							
Coverage of prior year loss		(1,557,700,676)				1,557,700,676	—
Total comprehensive income (loss) for the year			5,325,463	(104,255,955)	(7,531,530)	(995,364,448)	**(1,101,826,470)**
Treasury shares servicing the Long Term Incentive Plan 2020-2022	5,948,477					(1,927,002)	**4,021,475**
Equity instruments						1,739,200	**1,739,200**
Other changes		—				40,463	**40,463**
Balance at December 31, 2023	**11,619,560,360**	**575,673,347**	**3,353,416**	**(327,176,973)**	**(72,960,270)**	**1,357,793,908**	**13,156,243,788**

STATEMENTS OF CASH FLOWS

(euros)	notes	Year 2023	Year 2022
Cash flows from operating activities:			
Profit (loss) for the year		(995,364,448)	(3,076,991,836)
Adjustments for:			
Depreciation and amortization	31)	2,743,259,895	2,758,998,171
Impairment losses (reversals) on non-current assets (including investments)		161,400,000	20,560,000
Net change in deferred tax assets and liabilities		87,554,000	2,661,933,000
Losses (gains) realized on disposals of non-current assets (including investments)		31,202,000	(337,310,000)
Change in employee benefits		(289,614,000)	144,148,000
Change in inventories		(4,549,000)	(27,854,000)
Change in trade receivables		(162,202,000)	(204,414,000)
Change in trade payables		165,748,000	443,995,000
Net change in income tax receivables/payables		(8,255,000)	(452,340,000)
Net change in miscellaneous receivables/payables and other assets/liabilities		197,903,996	(588,085,890)
Cash flows from (used in) operating activities	**(a)**	**1,927,083,443**	**1,342,638,445**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(1,589,691,000)	(3,582,906,000)
Contributions for plants received		758,755,000	2,961,000
Change in cash arising from corporate actions	7)	—	253,000
Acquisitions/disposals of other investments		(32,752,000)	(45,608,000)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		(1,327,779,000)	139,953,000
Proceeds received from the sale of investments in subsidiaries		—	—
Proceeds from sale/repayments of intangible, tangible, rights of use assets and other non-current assets		6,699,000	1,283,709,000
Cash flows from (used in) investing activities	**(b)**	**(2,184,768,000)**	**(2,201,638,000)**
Cash flows from financing activities			
Change in current financial liabilities and other		464,682,000	47,828,000
Proceeds from non-current financial liabilities (including current portion)		3,110,063,000	2,000,092,000
Repayments of non-current financial liabilities (including current portion)		(4,031,642,000)	(4,192,832,000)
Changes in hedging and non-hedging derivatives		90,795,000	(176,000)
Share capital proceeds/reimbursements		—	—
Dividends paid (*)		(3,000)	(849,000)
Changes in ownership interests in consolidated subsidiaries		—	—
Cash flows from (used in) financing activities	**(c)**	**(366,105,000)**	**(2,145,937,000)**
Aggregate cash flows	**(d=a+b+c)**	**(623,789,557)**	**(3,004,936,555)**
Net cash and cash equivalents at beginning of the year	**(e)**	**359,020,537**	**3,363,957,092**
Net cash and cash equivalents at end of the year	**(f=d+e)**	**(264,769,020)**	**359,020,537**
(*) of which from related parties		—	—

Purchase of intangible, tangible and rights of use assets

(euros)	notes	Year 2023	Year 2022
Purchase of intangible assets	4)	(617,344,000)	(776,428,000)
Purchase of tangible assets	5)	(988,586,000)	(899,143,000)
Purchase of rights of use assets	6)	(590,178,000)	(390,076,000)
Total purchase of intangible, tangible and rights of use assets on an accrual basis (*)		**(2,196,108,000)**	**(2,065,647,000)**
Change in payables arising from purchase of intangible, tangible and rights of use assets		606,417,000	(1,517,259,000)
Total purchase of intangible, tangible and rights of use assets on a cash basis		**(1,589,691,000)**	**(3,582,906,000)**
(*) of which from related parties		62,744,000	63,202,000

Additional Cash Flow information

(euros)	Year 2023	Year 2022
Income taxes (paid) received	101,413,000	233,383,000
Interest expense paid	(1,780,932,000)	(1,383,612,000)
Interest income received	749,274,000	556,212,000
Dividends received	1,086,534,000	113,293,000

Analysis of Net Cash and Cash Equivalents

(euros)	Year 2023	Year 2022
Net cash and cash equivalents at beginning of the year:		
Cash and cash equivalents	1,375,042,603	3,558,280,626
Bank overdrafts repayable on demand	(1,016,022,066)	(194,323,534)
	359,020,537	**3,363,957,092**
Net cash and cash equivalents at end of the year:		
Cash and cash equivalents	598,149,745	1,375,042,603
Bank overdrafts repayable on demand	(862,918,765)	(1,016,022,066)
	(264,769,020)	**359,020,537**

The additional disclosures required by IAS 7 are provided in the Note “Net financial debt” to these Separate Financial Statements.

NOTE 1

FORM, CONTENT AND OTHER GENERAL INFORMATION

Form and content

Telecom Italia, TIM in brief, is a joint-stock company (S.p.A.) organized under the laws of the Republic of Italy.
The registered offices of TIM S.p.A. are located in Milan, Italy, at Via Gaetano Negri 1.
The duration of TIM S.p.A., as stated in the company's bylaws, extends until December 31, 2100.
TIM S.p.A. operates in Italy in the fixed and mobile telecommunications sector.
The TIM S.p.A. separate financial statements at December 31, 2023 have been prepared on a going concern basis (further details are provided in the Note "Accounting Policies") and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "IFRS"), as well as laws and regulations in force in Italy.
It should also be noted that in 2023 TIM S.p.A. applied accounting standards consistent with those of the previous year.
The separate financial statements have been prepared under the historical cost convention except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and derivative financial instruments which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the changes in fair value of the hedged risks (fair value hedge).
In accordance with IAS 1 (Presentation of Financial Statements) comparative information included in the consolidated financial statements refers, unless otherwise indicated, to the previous year.
The statements of financial position, the separate income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows are presented in euros (without cents) and the notes to these separate financial statements in millions of euros, unless otherwise indicated.
The publication of TIM S.p.A.'s separate financial statements for the year ended December 31, 2023 was approved by resolution of the Board of Directors on March 6, 2024.
However, final approval of the TIM S.p.A. separate financial statements rests with the shareholders' meeting.

Financial statement formats

The financial statement formats adopted are consistent with those indicated in IAS 1. More specifically:

- the **statements of financial position** have been prepared by classifying assets and liabilities according to the "current and non-current" criterion;
- the **separate income statements** have been prepared by classifying operating costs by nature of expense, as this form of presentation is considered more appropriate and representative of the specific business of the Company, conforms to internal reporting and is in line with industry practice.
  In addition to EBIT or Operating profit (loss), the separate income statements include the alternative performance measure of EBITDA or Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets.

  In particular, besides EBIT, EBITDA is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of TIM S.p.A. EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
+/-	Income (Expenses) from investments
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	

- the **statements of comprehensive income** include the profit or loss for the year as shown in the separate income statements and all other non-owner changes in equity;
- the **statement of cash flows** has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, as required by Consob Resolution 15519 of July 27, 2006, in the separate income statement, income and expenses relating to transactions, which by nature do not occur during normal operation (non-recurring transactions) have been specifically identified and their impact has been shown separately, when they are significant. Specifically, non-recurring income/(expenses) include, for instance: income/expenses arising from the sale of property, plant and equipment, business segments and investments; expenses stemming from company reorganization and streamlining processes and projects, also in connection with corporate transactions (mergers, spin-offs, etc.); expenses resulting from litigation and regulatory sanctions and related liabilities; other provisions and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.
Also in reference to the above Consob Resolution, the amounts relating to balances or transactions with related parties have been shown separately in the financial statements.

NOTE 2
ACCOUNTING POLICIES

Going concern

The separate financial statements for the year 2023 have been prepared on a going concern basis as there is the reasonable expectation that TIM S.p.A. will continue its operational activities in the foreseeable future (and in any event for a time horizon of at least twelve months).
In particular, the following factors have been taken into consideration:

- the main risks and uncertainties (that are for the most part of an external nature) to which TIM is exposed:
  - variations in business conditions, also related to competition;
  - financial risks (interest rate and/or exchange rate trends, changes in the Group's credit rating by rating agencies);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to recessionary and inflationary risks. In particular, these risks relate to the increasing costs of raw materials and energy, including as a result of the Russian-Ukrainian conflict;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices); and
  - the outcome of the legal and regulatory authority proceedings.
- the optimal mix between risk capital and debt capital, as well as the policy for the remuneration of risk capital, as described in the section "Share capital information" under the Note "Equity";
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Note "Financial risk management".

Based on these factors, the Management believes that, at the present time, there are no elements of uncertainty regarding TIM S.p.A.'s ability to continue as a going concern.

Intangible assets

Goodwill

In accordance with IFRS 3 (Business Combinations), goodwill is recognized in the financial statements at the acquisition date (including through mergers or contributions) of companies or business units and is calculated as the difference between the consideration paid (measured in accordance with IFRS 3, generally determined on the basis of the fair value at the acquisition date) and the fair value at the acquisition date of the identifiable assets acquired net of the identifiable liabilities assumed.

Goodwill is classified in the statements of financial position as an intangible asset with an indefinite useful life, whereas any gain from a bargain purchase or negative goodwill is recognized in the separate income statement.

Goodwill initially recognized is subsequently reduced only by cumulative impairment losses (for more details, see the section "Impairment of intangible assets, tangible assets and rights of use assets - Goodwill", below).

Development costs

Costs incurred internally for the development of new products and services represent either intangible assets (mainly costs for software development) or tangible assets. These costs are capitalized only when all the following conditions are satisfied: i) the cost attributable to the development phase of the asset can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability to complete the asset and make it available for use or sale, and iii) it can be demonstrated that the asset will be able to generate future economic benefits. Capitalized development costs comprise only incurred expenditures that can be attributed directly to the development process for new products and services.

Capitalized development costs are depreciated/amortized systematically over the estimated product or service life, so that the depreciation/amortization method reflects the way in which the asset's future economic benefits are expected to be consumed by the entity.

Other intangible assets with a finite useful life

Other purchased or internally-generated intangible assets with a finite useful life are recognized as assets, in accordance with IAS 38 (Intangible Assets), when the use of the asset is likely to generate future economic benefits and when the cost of the asset can be reliably measured.
Such assets are recorded at purchase or production cost and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized in the separate income statements prospectively.

Tangible assets

Property, plant and equipment

Property, plant and equipment are recognized at purchase or production cost. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property, plant and equipment. All other expenditures are expensed as incurred.
The cost of these assets also includes the expected costs of dismantling the asset and restoring the site, if a legal or constructive obligation exists. The corresponding liability is recognized at its present value as a provision in the statement of financial position. These capitalized costs are depreciated and charged to the separate income statements over the useful life of the related tangible assets.
The calculation of estimates for dismantling costs, discount rates and the dates in which such costs are expected to be incurred is reviewed annually at each financial year-end. Changes in the above liability must be recognized as an increase or decrease of the cost of the related asset; the amount deducted from the cost of the asset must not exceed its carrying amount. The excess if any, should be recorded immediately in the separate income statements, conventionally under the line item "Depreciation and Amortization".
Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Depreciation rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized in the separate income statements prospectively.
Land, including land pertaining to buildings, is not depreciated.

Rights of use assets

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position consisting in the present value of future lease payments, against the recognition of the right of use of the leased asset.
On the commencement date of the lease, the right of use is recognized at cost including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred for the signature of the lease and the present value of the estimated restoration and dismantling costs set out in the lease, less any incentives.
Subsequently, the right of use is amortized over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability.
The TIM Group attracts, under the scope of application of IFRS 16, if the criteria and the requirements laid down by the standard are met, the contract types concerning cloud software resources and the spectrum of transmission frequencies on optic fiber carriers. This approach is functional to the very innovative specificity of these types of contract, concerning hardware infrastructure and optical transmission as well as technologically-advanced software services.

Impairment of intangible, tangible and rights of use assets

Goodwill

Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated.

The test is generally conducted at the end of every year, so the date of testing is the year-end closing date of the financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place.

For the purpose of verifying its recoverability, goodwill is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the combination.

If the carrying amount of the cash-generating unit (or group of cash-generating units) exceeds the recoverable amount, an impairment loss is recognized in the separate income statement. The impairment loss is first recognized as a deduction of the carrying amount of goodwill allocated to the cash-generating unit (or group of cash-generating units) and only subsequently applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life. The recoverable amount of a cash-generating unit (or group of cash-generating units) to which goodwill is allocated is the higher between the fair value less costs to sell and its value in use.

The fair value net of disposal costs is estimated on the basis of the income approach, insofar as this allows for the reflection of the benefits deriving from a new, different business structure in the future. In particular, the fair value net of disposal costs is based on the current value of the forecast cash flow, applying a discounting rate that reflects current market assessments of the time value of money and the risks specific to the asset. The future cash flows are those arising from an explicit time horizon between three and five years, as well as those extrapolated to estimate the terminal value.

In calculating the value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The future cash flows are those arising from an explicit time horizon between three and five years, as well as those extrapolated to estimate the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of cash-generating units) is assumed not to be higher than the average long-term growth rate of the segment or market in which the cash-generating unit (or group of cash-generating units) operates.

Future cash flows are estimated by referring to the current operating conditions of the cash-generating unit (or group of cash-generating units) and, therefore, do not include either benefits originating from future restructuring for which the entity is not yet committed, or future investments for the improvement or optimization of the cash-generating unit.

For the purpose of calculating impairment, the carrying amount of the cash-generating unit is established based on the same criteria used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (that is, financial assets, deferred tax assets and net non-current assets held for sale).

After conducting the goodwill impairment test for the cash-generating unit (or groups of cash-generating units), a second level of impairment testing is carried out which includes the corporate assets which do not generate positive cash flows and which cannot be allocated by a reasonable and consistent criterion to the single units. At this second level, the total recoverable amount of all cash-generating units (or groups of cash-generating units) is compared to the carrying amount of all cash-generating units (or groups of cash-generating units), including also those cash-generating units to which no goodwill was allocated, and the corporate assets.

Tangible and intangible assets with finite useful lives and rights of use assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use – may be impaired. Both internal and external sources of information are used for this purpose. Internal sources include: obsolescence or physical deterioration, and significant changes in the use of the asset and the operating performance of the asset compared to estimated performance. External sources include: External sources include the market value of the asset, changes in technology, markets or laws, trend in market interest rates and the cost of capital used to evaluate investments, and an excess of the carrying amount of the net assets of the Company over market capitalization.
If there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use – has been impaired, then its carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. In calculating the value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or right. Where it is not possible to estimate the recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are recognized in the separate income statement.
When the reasons for the impairment subsequently cease to exist, the carrying value of the asset/ right of use or of the cash generating unit is increased up to the new estimate of the recoverable amount which, however, cannot exceed the amount that would have been determined had no impairment loss been recognized. The reversal of an impairment loss is recognized as income in the separate income statements.

Financial instruments

Business models for financial assets management

For the management of trade receivables, the Company's Management has identified different business models based on the specific nature of the receivables, the type of counterparty and collection times. This was in order to optimize the management of working capital through the constant monitoring of the payment performance of customers, the steering of credit collection policies, and the management of programs for the disposal of receivables,
and the activation of factoring consistent with financial planning requirements.
The business models adopted are:

- *Hold to Collect*: receivables usually held to maturity, such as trade receivables due from large customers and the OLOs; these instruments fall within IFRS 9 category "Assets measured at amortized cost". These receivables can be transferred, albeit not recurrently, if this is needed to optimize finances;
- *Hold to Collect and Sell*: receivables usually traded massively and on a recurring basis, such as receivables due from active consumer, small and business customers held for sale; these instruments fall under IFRS 9 category "Financial assets measured at fair value through other comprehensive income". As required by IFRS 9, the related reserve is reversed to the separate income statements when disposed of or impaired.

As part of managing financial assets other than trade receivables, Company Management has identified its business models on the basis of how the financial instruments are managed and how their cash flows are used. This is done to ensure an adequate level of financial flexibility and to best manage, in terms of risks and returns, the financial resources immediately available and in accordance with the strategies.
The Business Models adopted are the following:

- *Hold to Collect*: financial instruments used to absorb temporary cash surpluses; such instruments are low risk and mostly held to maturity; they are measured at amortized cost;
- *Hold to Collect and Sell*: monetary or debt instruments used to absorb short/medium-term cash surpluses; such instruments are low risk and generally held to maturity, or otherwise sold to cover specific cash requirements; they are measured at fair value through other comprehensive income;
- *Hold to Sell*: monetary, debt and equity trading instruments used to dynamically manage cash surpluses not managed under the business models identified above; such instruments are higher risk and traded repeatedly over time; they are measured at fair value through profit or loss.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured at cost adjusted by impairment losses. When there is objective evidence of an impairment, recoverability is verified by comparing the carrying amount of the investment against its recoverable amount consisting of the greater of fair value, net of disposal costs, and value in use.

Other investments

Other investments (other than those in subsidiaries, associates and joint ventures) are classified as non-current or current assets if they will be kept in the Company's portfolio for a period of more or not more than 12 months, respectively.

Other investments are classified as "financial assets measured at fair value through profit or loss" (FVTPL), as current assets.

At the purchase time of each investment, IFRS 9 provides for the irrevocable option to recognize these investments in "financial assets measured at fair value through other comprehensive income" (FVTOCI) as non-current or current assets.

The other investments classified as "financial assets measured at fair value through other comprehensive income" are measured at fair value; changes in the fair value of these investments are recognized in a special equity reserve under the other components of the statements of comprehensive income (Reserve for financial assets measured at fair value through other comprehensive income), without reclassification to the separate income statements when the financial asset is disposed of or impaired. Dividends, on the other hand, are recognized in the separate income statements.
Changes in the value of other investments classified as "financial assets at fair value through separate profit or loss" are recognized directly in the separate income statements.

Securities other than investments

Securities other than investments, included among non-current or current assets, depending on the business model adopted and the contractual flows envisaged, fall among financial assets measured at amortized cost, or measured at fair value through other comprehensive income or at fair value though profit or loss.
Securities other than investments, classified as current assets, are those that, by decision of the directors, are intended to be kept in TIM S.p.A.'s portfolio for a period of not more than 12 months, and are included:

- as "financial assets measured at amortized cost" (AC) when held to maturity (originally more than 3 months but less than 12 months, or, although they had an original maturity of more than 12 months, they have been bought in a period during which maturity was included between 3 and 12 months);
- as "financial assets measured at fair value through other comprehensive income" (FVTOCI) when held in the scope of a business model whose objective is to sell the financial asset and/or collect the contractual flows. The "Reserve for financial assets measured at fair value through other comprehensive income" is reversed to the separate income statements when the financial asset is disposed of or impaired;
- as "financial assets measured at fair value through profit or loss" (FVTPL) in the other cases.

Cash and cash equivalents

Cash and cash equivalents are recorded, according to their nature, at nominal value or amortized cost.
Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and their original maturity or the remaining maturity at the date of purchase does not exceed 3 months.

Impairment of financial assets

At every closing date, assessments are made as to whether there is any objective evidence that a financial asset or a group of financial assets has been impaired.
The impairment of financial assets is based on the expected credit loss model.
In particular:

- Impairment on trade receivables and on contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions;
- the impairment of financial assets other than trade receivables is calculated on the basis of a general model which estimates expected credit losses over the following 12 months or over the residual life of the asset in the event of a substantial worsening of its credit risk.

Derivatives

As allowed by IFRS 9, the Company decided to continue to apply the hedge accounting provisions contained in IAS 39 instead of those of IFRS 9.
Derivatives are used by the Company to manage its exposure to exchange rate and interest rate risks and to diversify the parameters of debt so that costs and volatility can be reduced to within pre-established operational limits.
In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when:

- at the inception of the hedge, the hedging relationship is formally designated and documented;
- the hedge is expected to be highly effective;
- its effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39.
When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of an asset or liability due to a particular risk, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the separate income statements. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the separate income statement.
- Cash flow hedge – Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of an asset or liability or a highly probable expected transaction, the effective portion of any gain or loss arising from the fair value adjustment of the derivative financial instrument is recognized directly in a specific equity reserve (Reserve for hedging instruments). The cumulative gain or loss is removed from equity and recognized in the separate income statements at the same time the hedged transaction affects the separate income statement. The gain or loss associated with the ineffective portion of a hedge is recognized in the separate income statements immediately. If the hedged transaction is no longer probable, the cumulative gains or losses included in the equity reserve are immediately recognized in the separate income statement.

For derivatives for which a hedging relationship has not been designated, changes in value compared to initial recognition are recognized directly in the separate income statement.

Financial liabilities

Financial liabilities include financial payables, including payables for advances on assignments of receivables where the assignment does not transfer substantially all the risks and rewards, as well as other financial liabilities, including derivative financial instruments and liabilities in respect of assets recognized under finance leases recognized in accordance with IFRS 16.
In accordance with IFRS 9, they also include trade and other payables.
Reverse factoring transactions are also classified under trade payables. TIM has put in place reverse factoring agreements through which TIM gives partner banks a mandate to pay its suppliers as invoices become due. Suppliers participating in these programs have the right to sell (without any cost for TIM) receivables due from TIM. They can exercise this right at their total discretion and incurring all the costs to benefit from collection before the contractual due date.
Financial liabilities other than derivatives are initially recognized at fair value and subsequently measured at amortized cost.

Financial liabilities hedged by derivative instruments designed to manage exposure to changes in fair value of the liabilities (fair value hedge derivatives) are measured at fair value in accordance with the hedge accounting principles of IAS 39. Gains and losses arising from re-measurement at fair value, to the extent of the hedged component, are recognized in the separate income statements and are offset by the effective portion of the gain or loss arising from re-measurement at fair value of the hedging instrument.
Financial liabilities hedged by derivative instruments designed to manage exposure to variability in cash flows (cash flow hedge derivatives) are measured at amortized cost in accordance with the hedge accounting principles of IAS 39.

Transfer of receivables

TIM S.p.A. carries out sales of receivables under factoring and securitization contracts. These transfers, in the majority of cases, are characterized by the transfer of substantially all the risks and rewards of ownership of the receivables to third parties, therefore meeting the requirements of IFRS 9 for derecognition. Special service agreements, under which the purchasers grant TIM S.p.A. a mandate to oversee the collection and management of receivables, have been entered into to maintain the relationship between the Company and its customers.

Inventories

Inventories are measured at the lower of purchase and production cost and estimated realizable value; the cost is determined using the weighted average cost formula for each movement, while the estimated realizable value is determined by observing general prices at the end of the year. Provision is made for obsolete and slow-moving inventories based on their expected future use and estimated realizable value.

Non-current assets held for sale/Discontinued operations

Non-current assets held for sale or disposal groups whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from other assets and liabilities in the separate statements of financial position. The corresponding amounts for the previous year are not reclassified in the statement of financial position but are instead shown separately in a specific column in the changes in assets and liabilities in the year in which the non-current assets held for sale or the disposal groups are classified as such.
Discontinued operations are a component of an entity that has been terminated or classified as held for sale and that:

- represents a major business line or geographical area of operation; or
- is part of a single coordinated plan to discontinue a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

The results arising from Discontinued Operations – whether disposed of or classified as held for sale – are shown separately in the separate income statement, net of tax effects. The corresponding values for the previous periods, where present, are reclassified and reported separately in the separate income statement, net of tax effects, for comparative purposes.
Non-current assets held for sale or discontinued groups classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to each specific asset and liability, and subsequently measured at the lower of the carrying amount and fair value, less cost to sell.
Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets or disposal groups classified as held for sale and expensed in the separate income statement.
An upward revision of value is, instead, recognized for each subsequent increase in the fair value of an asset less cost to sell, but not in excess of the previously recognized cumulative impairment loss.
As required by IFRS 5 (Non-current assets held for sale and discontinued operations), an entity shall not depreciate (or amortize) non-current assets classified as held for sale or being part of a discontinued group.
Finance expenses and other expenses attributable to the liabilities of a discontinued group classified as held for sale must continue to be recognized.

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During the meeting held on July 6, 2022, TIM's Board of Directors approved the strategic objective of reorganizing the company with a view to overcoming the vertical integration and conferred a mandate on the CEO to assess and submit to the administrative body for all necessary resolutions, any transactions or possible transfer and valuation agreements for certain assets, with a view to achieving this strategic objective.

On November 3, 4 and 5, 2023, the Board of Directors of TIM S.p.A., at the outcome of an extensive and thorough review, conducted with the assistance of leading financial and legal advisors, examined and accepted the binding offer submitted on October 16, 2023 by Kohlberg Kravis Roberts & Co. L.P. ("KKR") for the acquisition of TIM's fixed-line network assets and the equity interests held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), by Optics BidCo S.p.A. (a subsidiary of KKR).

In execution of the resolutions adopted, TIM S.p.A. signed the transaction agreement with Optics BidCo which regulates:

- the contribution by TIM S.p.A. of a business unit - consisting of activities relating to the primary network, wholesale activity and the entire shareholding in the subsidiary Telenergia Srl - in FiberCop S.p.A., a company that already manages the activities relating to the network secondary fiber and copper, and
- the simultaneous purchase by Optics Bidco of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself, following the aforementioned transfer.

The transaction agreement provides that on the closing date, master services agreements will be signed, which will regulate the terms and conditions of the services to be rendered between NetCo and TIM S.p.A. following the completion of the transaction.

The transaction agreement also provides that the consideration for the sale of the equity interest may also be partially paid through the transfer of part of the TIM Group's debt at the closing of the NetCo transaction (so-called liability management). On March 6, 2024, TIM's Board of Directors resolved to grant a mandate to the Chief Executive Officer to implement the activities necessary to carry out the debt transfer transaction by means of a series of exchange offers, concerning certain series of bonds issued by the TIM Group and maturing in 2026.

The completion of the transaction is expected in the summer of 2024, once the preliminary activities have been completed and a number of conditions precedent have been satisfied (completion of the transfer of the primary network, Antitrust authorization, authorization regarding distortive foreign subsidies); the transaction has already obtained the authorization required by the Golden Power rules, as per the press release issued on January 17, 2024.

When these activities are completed and the conditions precedent are fulfilled, NetCo will be classified as an Asset held for sale in accordance with IFRS 5.

Employee benefits

Provision for employee severance indemnity

Employee severance indemnities, mandatory pursuant to Article 2120 of the Italian Civil Code, is deferred compensation and is based on the employees' years of service and the compensation earned by the employee during the service period.
Under IAS 19 (*Employee Benefits*), the employee severance indemnity, so calculated, is considered a "Defined benefit plan" and the related liability to be recognized in the statement of financial position (Provision for employee severance indemnities) is determined by actuarial calculations.
The remeasurements of actuarial gains and losses are recognized in other components of other comprehensive income. The interest expenses related to the "time value" component of the actuarial calculations (the latter classified as Finance expenses), are recognized in the separate income statements under financial expenses.
Starting from January 1, 2007, the Italian Law gave employees the choice to either allocate their accruing indemnity to supplementary pension funds or it as an obligation of the Company. Companies that employ at least 50 employees must transfer the employee severance indemnity to the "Treasury fund" managed by INPS, the Italian Social Security Institute. Consequently, the Group's obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19, of "Defined contribution plans".

Equity compensation plans

TIM S.p.A. provides additional benefits to certain managers of the Group companies through equity compensation plans (for example: stock options and long-term incentive plans). The above plans are recognized in accordance with IFRS 2 (*Share-Based Payment*).
In accordance with IFRS 2, such plans represent a component of the beneficiaries' compensation. Therefore, for the plans that provide for compensation in equity instruments, the cost is represented by the fair value of such instruments at the grant date, and is recognized in "Employee benefits expenses", for employees of the Company, and in "Investments", for employees of subsidiaries, over the period between the grant date and vesting date with a contra-entry to an equity reserve denominated "Other equity instruments". Changes in the fair value subsequent to the grant date do not affect the initial measurement. At the end of each year, adjustments are made to the estimate of the number of rights that will vest up to maturity. An adjustment is made to "Other equity instruments" for the impact of the change in estimate with contra-entry to "Employee benefits expenses" or "Investments".
For the portion of the plans that provide for the payment of compensation in cash, the amount is recognized in liabilities as a contra-entry to "Employee benefits expenses" for employees of the Company, and in "Investments", for employees of subsidiaries; at the end of each year such liability is measured at fair value.

Provisions

The Company records provisions for risks and charges when it has a present obligation, legal or constructive, to a third party, as a result of a past event, when it is probable that an outflow of resources will be required to satisfy the obligation and when the amount of the obligation can be estimated reliably. Provisions for risks and charges also include those established in the event that the company should stipulate contracts that thereafter became onerous, the non-discretionary costs of which necessary to fulfill the commitments made exceeding the economic benefits expected from such contracts.
If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash flows, taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognized as "Finance expenses".

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and that the Company will satisfy all the conditions established for their granting by the government, government entities and equivalent local, national or international entities.
Government grants are recognized in the separate income statement, on a straight-line basis, over the periods in which the Company recognizes the expenses that the grants are intended to offset as costs.
Government grants related to assets received for the acquisition and/or construction of non-current tangible assets are recorded as deferred income in the statement of financial position and systematically credited to the separate income statements over the useful life of the systems the grants relate to.

Treasury shares

Treasury shares are recognized as a deduction from equity. In particular, the treasury shares are reported as a deduction from the share capital issued in the amount corresponding to the "accounting par value", that is the ratio of total share capital and the number of issued shares, while the excess cost of acquisition over the accounting par value is presented as a deduction from "Other reserves and retained earnings (accumulated losses), including profit (loss) for the year".

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the statement of financial position date. Exchange differences arising from the settlement of monetary items or from their conversion at rates different from those at which they were initially recorded during the year or at the end of the prior year, are recognized in the separate income statements.

Revenues

Revenues are the gross inflows of economic benefits during the period arising in the course of the ordinary activities of an entity. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenues.

The process underlying the recognition of revenues follows the steps set out in IFRS 15:

- **identification of the contract**: takes place when the parties approve the contract (with commercial substance), and identify the respective rights and obligations: in other terms, the contract must be legally binding, the rights to receive goods and/or services and the terms of payment can be clearly identified and the Company considers receipt of payment as probable;
- **identification of the performance obligations: the main performance obligations identified, i.e. promises to transfer goods and services that are distinct, are services rendered (including voice and data traffic and ICT solutions) to retail customers, services rendered to wholesale customers, and sale of products;**
- **determination of the transaction price**: is the total amount contracted with the other party regarding the entire contractual term. The Company has determined that the contractual term is the one arising from the contractual obligations between the parties or, in lack of these obligations, it is by convention one month;
- **allocation of the transaction price to the performance obligations**: the allocation is made proportionately to the respective stand-alone selling prices calculated based on the list prices (if present) or estimated by applying an appropriate margin to the cost of purchase/production of the good/service.

  Revenues from activating the connectivity service are not a performance obligation; they are therefore allocated to the contractual performance obligations (typically to services).
  For offerings which include the sale of devices and service contracts (bundle offerings), the Company allocates the contractual transaction price to the performance obligations of the contract, proportionately to the stand-alone selling prices of the single performance obligations;
- **recognition of revenues**: revenues are stated net of discounts, allowances, and returns in connection with the characteristics of the type of revenue:
  - **Revenues from services rendered**

    Revenues from services rendered are recognized in the separate income statements according to the stage of completion of the service, that is based on actual consumption.
    Traffic revenues from interconnection and roaming are reported gross of the amounts due to other TLC operators.
    Revenues for delivering information or other content are recognized on the basis of the amount invoiced to the customer, when the service is rendered directly by the Company. In the event that the Company is acting as agent (for example non-geographic numbers) only the commission received from the content provider is recognized as revenue.
    Revenues from prepaid traffic are recorded on the basis of effective consumption. Deferred revenues for traffic already collected but not yet consumed are recorded in "Trade and miscellaneous payables and other current liabilities" in the statements of financial position.
    Revenues for services rendered are generally invoiced and collected bimonthly/monthly for retail customers while for wholesale customers, they are invoiced on a monthly basis and due 40 or 60 days after the date of issue, depending on whether they relate to the mobile component (40 days) or fixed component (60 days).

- **Revenues from sales**

  Revenues from sales (telephone products and others) are recognized upon delivery when control of the assets is transferred to the customers.
  The devices sold separately from the services are invoiced at the time of delivery; collection takes place on demand or based on installment plans (up to 48 monthly installments). The devices sold as part of bundle offerings are invoiced at the time of delivery and usually collected in 24, 30 or 48 monthly installments, depending on the type of offer and customer cluster. With specific reference to the mobile products (smartphones and tables) and certain types of fixed-line products sold to consumer customers, collection is made at the time of sale through the financial company TIMFin, which disburses the loan to the customer.

The recognition of revenues can generate the recognition of an asset or liability deriving from contracts. In particular:

- **Contract assets** are the right to a consideration in exchange for goods or services that have been transferred to the customer, when the right is conditioned on something other than the passage of time;
- **Liabilities deriving from a contract** are the obligation to transfer goods or services to the customer for which the Company has received (or for which it is due) a consideration from the customer.

Contract costs (incremental costs of obtaining a contract and costs to fulfill a contract; mainly technical activation costs and costs for sales network commissions) are deferred and recognized through separate profit or loss depending on the expected term of the contractual relationship with the customers. TIM avails itself of the practical expedient, provided for by IFRS 15, to recognize the incremental costs for obtaining the contract entirely in the income statement, provided the amortization period does not exceed 12 months.

The recoverability of contract assets and deferred costs is periodically assessed.

Research and advertising costs

Research costs and advertising expenses are charged directly to the separate income statements in the year in which they are incurred.

Finance income and expenses

Finance income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method; changes in the fair value of derivatives and other financial instruments measured at fair value through the income statement; gains and losses on foreign exchange and financial instruments (including derivatives).

Dividends

Dividends received are recognized in the separate income statements in the year in which they become receivable following the resolution by the shareholders' meeting for the distribution of dividends of the investee companies.

Dividends payable are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

Income tax expense (current and deferred)

Income tax expense includes all taxes calculated on the basis of the taxable income of the Company.

Current and deferred income tax expense is calculated using all the elements and information available at the reporting date, taking into account current laws and considering all the elements that could give rise to uncertainties in the determination of the amounts due to the tax authorities, as provided for in IFRIC 23.

Income tax expense is recognized in the separate income statement, except to the extent that they relate to items directly charged or credited to equity, in which case the related tax effect is recognized in the relevant equity reserves. In the Statements of comprehensive income the amount of income tax expense relating to each item included as "Other components of the Statements of comprehensive income" is indicated.

Deferred tax liabilities/assets are recognized using the "Balance sheet liability method". They are calculated on all temporary differences that arise between the tax base of an asset or liability and the relevant carrying amounts in the separate financial statements. Deferred tax assets relating to unused tax loss carryforwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax assets and liabilities are offset when there is a legally enforceable right of offset. Prepaid tax assets and deferred tax liabilities are determined by adopting the tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The other taxes not related to income are included in "Other operating expenses".

Use of accounting estimates

The preparation of separate financial statements and related notes in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as on the amount of revenues and costs during the year. Actual results could differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most significant accounting estimates that involve a high level of subjective assumptions and judgments by directors are set out below.

Financial statements area	Accounting estimates
Goodwill impairment	The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate cash flows. The fair value net of disposal costs is based on the current value of forecast cash flow, calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for the extrapolation. The estimate of expected cash flows took into account the risks arising from climate change (as explained in the section 'Main Risks and Uncertainties - Risks Related to Key Sustainability Issues' in the Report on Operations), which at present do not have a significant impact on the business model. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are detailed in the Note "Goodwill".
Impairment of tangible and intangible assets with finite useful lives and right of use assets	At the end of each reporting period, the company assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use – may be impaired. Both internal and external sources of information are used for this purpose. Identifying the impairment indicators, estimating future cash flows and calculating the fair value of each asset requires the Management to make significant estimates and assumptions in calculating the discount rate to be used, and the useful life and residual value of the assets. The estimate of expected cash flows took into account the risks arising from climate change (as explained in the section 'Main Risks and Uncertainties - Risks Related to Key Sustainability Issues' in the Report on Operations), which at present do not have a significant impact on the business model. These estimates can have a significant impact on the fair value of the assets and on the amount of any impairment write-down.
Lease liabilities and rights of use assets	The value of lease liabilities and corresponding rights of use is determined by calculating the present value of the lease payments, also bearing in mind whether the renewal of the lease is reasonably certain.
Capitalization/deferment of costs	The capitalization/deferment of internal and external costs is a process that entails elements of estimation and valuation. Specifically, it involves the valuation of: i) the likelihood that capitalized costs will be recovered through correlated future revenues; and ii) the effective increase in the future economic benefits embodied in the related asset.
Provision for bad debts	Impairment on trade receivables and on contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions.
Depreciation and amortization	Changes in the economic conditions of the markets, technology and competitive forces could significantly affect the estimated useful lives of tangible and intangible non-current assets and may lead to a difference in the timing, and thus on the amount of depreciation and amortization expense.
Provisions, contingent liabilities and employee benefits	As regards the provisions for restoration costs, the estimate of future costs to dismantle tangible assets and restore the site is a complex process that requires the valuation of the liabilities arising from such dismantling and restoration obligations, which seldom are entirely defined by laws, administrative regulations or contract clauses, and which normally are to be complied with after an interval of several years. The provisions related to legal, arbitration and fiscal disputes, as well as regulatory proceedings, are the result of a complex estimation process based upon the probability of an unfavorable outcome. Provisions for employee benefits, especially the provision for employee severance indemnities, are calculated using actuarial assumptions; changes in such assumptions could have a material impact on such liabilities. Provisions made for contractual risks are also related to any contracts that may have become onerous and are based on an articulated estimation process that envisages the valuation of the comprehensive negative margins of the entire contract; they therefore include the non-discretionary costs necessary to fulfill the commitments made that exceed the economic benefits expected from such contracts.
Revenues	The recognition of revenues is influenced by estimates of the amount of discounts, rebates and returns to be reported as a direct adjustment to revenues, as well as the methods for defining individual product or service stand-alone selling prices and for determining the duration of the contract when there are renewal options.
Contract costs (IFRS 15)	The recognition of the costs of obtaining and fulfilling contracts is influenced by the estimated expected duration of the relationship with the customer, calculated on the basis of the historical turnover indexes and future estimates. However, this estimate is subject to fluctuations and could only represent customers' future behavior in a limited way, especially if there are new commercial offers or changes in the competitive environment.

Income tax expense (current and deferred)	Income tax expense (current and deferred) are calculated according to a prudent interpretation of the tax laws in effect. This process sometimes involves complex estimates to determine taxable income and deductible and taxable temporary differences between the carrying amounts and the taxable amounts. In particular, deferred tax assets are recognized to the extent that future taxable income will be available against which they can be recovered. The measurement of the recoverability of deferred tax assets, recognized based on both unused tax loss carry-forwards to future years and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.
Derivative instruments and equity instruments	The fair value of derivative instruments and equity instruments is determined both using valuation models which also take into account subjective measurements such as, for example, cash flow estimates, expected volatility of prices, etc., and on the basis of prices existing in regulated markets or quotations provided by financial counterparties. For further details refer to the Note "Supplementary disclosures on financial instruments".

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), paragraph 10, in the absence of a Standard or an Interpretation that specifically applies to a particular transaction, Management, through careful subjective evaluation techniques, chooses the accounting methods to adopt with a view to providing financial statements which faithfully represent the financial position, the results of operations and the cash flows of the Company, which reflect the economic substance of the transactions, which are neutral, prepared on a prudent basis and complete in all material respects.

New standards and interpretations endorsed by the EU and in force from January 1, 2023

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the following is a brief description of the IFRS in force commencing as of January 1, 2023.

Amendments to IFRS 17 - Insurance contracts: initial application of IFRS 17 and IFRS 9 – Comparative information

On September 8, 2022, Regulation (EU) 2022/1491 was issued, incorporating certain amendments relating to the presentation of comparative information about financial assets upon initial application of IFRS 17 *Insurance Contracts*.
The amendment allows for a transition option enabling entities to apply an optional classification overlay in the comparative period(s) presented upon the initial application of IFRS 17. The overlay allows all financial assets, including those held with respect to assets not related to contracts within the scope of IFRS 17, to be classified instrument by instrument in the comparative period(s) in such a way as to align with how the entity expects those assets to be classified upon the initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.
IFRS 17, which implements the amendment, came into force for financial years beginning on or after January 1, 2023.

The adoption of these amendments had no effect on the separate financial statements at December 31, 2023.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

On March 2, 2022, Regulation (EU) 2022/357 was issued, incorporating certain amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, in which it introduces a new definition of "accounting estimates".
In the amended standard, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty".
The amendments clarify what constitutes changes in accounting estimates and how these differ from changes in accounting policies and corrections of errors.
The changes came into effect for financial years starting on or after January 1, 2023.

The adoption of these amendments had no effect on the separate financial statements at December 31, 2023.

Amendments to IAS 12 *Income Taxes*: Deferred tax related to assets and liabilities arising from a single transaction

On August 11, 2022, Regulation (EU) 2022/1392 was issued, incorporating certain amendments to IAS 12 *Income Taxes*.
The amendments clarify how companies are to account for deferred taxes on leases and decommissioning/restoration costs.
IAS 12 specifies how companies are to account for income taxes, including deferred taxes, which are the amounts of taxes payable or recoverable in the future.
These amendments require entities to recognise deferred taxes on certain transactions (such as leases and decommissioning and restoration charges) that give rise to taxable and deductible temporary differences of the same amount at the time of initial recognition.
IAS 12 provides that, under certain circumstances, companies are exempt from reporting deferred taxes when they recognise assets or liabilities for the first time.

The IASB has issued these limited amendments on account of the uncertainty arising through the fact that the exemption applies to leases and decommissioning/restoration obligations.

These amendments mean that the exemption granted in the principle will not now apply to leases and decommissioning/restoration obligations, with companies now required to recognise deferred tax assets and liabilities in these areas.

The changes came into effect on January 1, 2023.

The adoption of these amendments had no effect on the separate financial statements at December 31, 2023.

Amendments to IAS 1 - Presentation of Financial Statements

On March 2, 2022, Regulation (EU) 2022/357 was issued, incorporating certain amendments to IAS 1 *Presentation of Financial Statements* in which guidelines and examples are provided to help entities carry out materiality assessments for the purposes of disclosing accounting policies.

The IASB has also issued amendments to "IFRS Practice Statement 2 - Making Materiality Judgements (the PS)" to support the amendments to IAS 1, which explain and demonstrate how the "4 step materiality process" applies to disclosures of accounting policies.

In particular, the amendments aim to help entities provide more useful disclosures of accounting policies by:

- replacing the requirement for entities to disclose their "significant" accounting policies with the provision to disclose their "material" accounting policies; and
- adding guidance on how entities should apply the concept of "materiality" when deciding how to disclose their accounting policies.

The changes came into effect for financial years starting on or after January 1, 2023.

The adoption of these amendments had no effect on the separate financial statements at December 31, 2023.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two model rules

On November 8, 2023, Regulation (EU) 2023/2468 was issued, incorporating certain amendments to IAS 12 *Income Taxes*: International Tax Reform – Pillar Two model rules The amendments introduce:

- a temporary exception from the obligation to account for deferred taxes arising from the implementation of the Pillar Two model rules; and
- targeted disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The amendments clarify that IAS 12 applies to income taxes arising from tax legislation implementing the OECD's Pillar Two model rules, which address the tax issues arising from the digitalization of the global economy (Base Erosion and Profit Shifting - BEPS). These rules apply to multinational enterprises (MNEs) with consolidated annual revenues of more than 750 million euros). The tax legislation in question and the income taxes resulting from it are referred to as "Pillar Two legislation" and "Pillar Two income taxes" respectively. The amendments introduce a mandatory exception to IAS 12 when it comes to recognising and disclosing deferred Pillar Two income tax assets and liabilities.

This temporary exception exempts entities from accounting for deferred tax under the new and complex Pillar Two tax legislation, giving affected parties time to assess the implications.

The temporary exception to recognising and disclosing deferred taxes and the obligation to disclose that this exception is being used applies immediately and retroactively with respect to the issue date of the amendments.

The disclosure of the current Pillar Two income tax liability and disclosures relating to periods before the entry into force of the legislation is required for tax years that began on or after January 1, 2023, but is not required for interim periods ending on or before December 31, 2023.

TIM applied the exception to the recognition and disclosure of deferred tax assets and liabilities, therefore, the adoption of these amendments did not have an impact on the separate financial statements as at December 31, 2023.

New standards and interpretations issued by the IASB but not yet applicable

At the date of preparation of these separate financial statements, the IASB had issued the following new Standards and Interpretations which have not yet come into force:

	Mandatory application starting from
New Standards and Interpretations not yet endorsed by the EU	
Amendments to IAS 7: Statements of Cash Flows and IFRS 7 Financial instruments: Supplementary disclosures	1/1/2024
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	1/1/2025
New Standards and Interpretations endorsed by the EU	
Amendments to IAS 1 *Presentation of Financial Statements*: non-current liabilities with covenants	1/1/2024
Amendments to IAS 1 *Presentation of Financial Statements*: classification of liabilities as current or non-current	1/1/2024
Amendments to IFRS 16: Lease liabilities in a sale and lease-back	1/1/2024

Any impacts on the separate financial statements resulting from the application of these new Standards/Interpretations are currently being assessed; However, it is considered that they are not significant with respect to financial and economic results.

NOTE 3
GOODWILL

The item at December 31, 2023 amounted to 12,064 million euros, unchanged on December 31, 2022, and relates to the goodwill included in the domestic business segment of TIM S.p.A..

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's separate financial statements.

If, at consolidated financial statements level, the need should arise to write-down the goodwill in reference to a specific CGU, this write-down must be attributed, in the separate financial statements of TIM S.p.A., to the business referring to the same CGU, which has not already been tested individually, namely goodwill and controlling investments that are part of the same CGU.

Impairment tests carried out with reference to the CGU in the consolidated financial statements have determined the need to write down the goodwill allocated to the Domestic CGU, of which the controlling investments held by TIM S.p.A. in FiberCop, Noovle and Telecom Italia Sparkle, are a part.

Therefore, on the separate financial statements of TIM S.p.A., goodwill does not need to be impaired.

Below, therefore, is an explanation of how impairment testing of the Domestic CGU is carried out for the consolidated financial statements.

The Domestic CGU operated in 2023 as a single unit, in 2024 the so-called 'NetCo perimeter' (Primary Network - TIM business unit, Secondary Network - Fibercop company perimeter, Telenergia) is expected to be separated, for which the TIM Board of Directors has accepted a binding price proposal (representing the fair value of the perimeter to be sold). The timing of the closing is subject to the necessary authorisation paths (Golden Power authorisation (received in January 2024) and Antitrust authorisation (in progress)) and the implementation and completion of Process and Systems Separation activities.

Therefore, the value configuration used to determine the recoverable value as at December 31, 2023 of the Domestic CGU is the Fair Value estimated on the basis of a valuation obtained by the sum of parts between the NetCo subCGU and the subCGU of the remaining perimeter of the Domestic CGU (the so-called ServiceCo perimeter).
As an estimate of NetCo's recoverable value, the present value (as of December 31, 2023) of the price implicit in the binding offer (price proposal referring to the date of June 30, 2024) by an independent party (KKR) was assumed, and any form of earn-out was excluded from the price.
Instead, the fair value based on the income approach was taken as the estimate of ServiceCo's recoverable value, as it was deemed to better express the value of the Group's assets (so-called market participant perspective), also reflecting the cost interventions in view of a possible future new and different business structure.
For the ServiceCo subCGU, the estimate of fair value on the basis of the income approach was made in compliance with IAS 36, with valuation principles and best practices, with reference to the flows of the 2024-2026 Industrial Plan, which is based on the final results of 2023: (i) it reflects realistic expectations regarding future evolutions; (ii) it brings into play careful cost cutting actions as preparation for the future business structure; (iii) it maintains the perspective of use of assets of the domestic market continuing on with the same conditions as at December 31, 2023. The expected cash flows reported in the 2024-2026 Industrial Plan approved by the Board of Directors have been critically analysed and, with the support of expert appraisers and industry experts, the average representativeness has been assessed. Expected average cash flows for the 2024-2026 Industrial Plan were extrapolated for an additional two years (2027-2028), thus bringing the explicit forecast period for future cash flows to a total of five years (2024-2028). The extrapolation of data for 2027-2028 was necessary, in line with that carried out by the main European incumbents, in order to intercept market, competition and industrial trends that will become manifest beyond the forecast horizon of the Industrial Plan. It is specified that where inputs are present that cannot be observed, the fair value thus determined is assigned as level 3 of the fair value hierarchy, as envisaged by IFRS 13 - Fair value measurement.

The estimation of the fair value according to the income approach requires the determination of the current value of income beyond the explicit forecast period ("terminal value"). To this end, the sustainable long-term cash flow was assumed to be the extrapolation of the estimated cash flow at 2028, adjusted as necessary to take into consideration a suitable level of long-term capital expenditure, normalized by the effects tied to the development of innovative technology projects in place during the plan years. Furthermore, with specific reference to the incremental share of the value deriving from 5G license use and therefore from the development of new and innovative business areas, a measurement model has been adopted that takes into account the net incremental flows for a defined period of time which is based on the duration of the license. This approach is consistent with the need to include in the configuration of value, on one hand the outflows deriving from the capex to support its development (as per the Industrial Plan), and on the other the positive net flows from the incremental business component of the license acquisition that will develop over a broad period of time and over the five years of explicit forecast.

The cost of capital used to discount projected cash flows in fair value estimates for the ServiceCo subCGU:

- was estimated using the Capital Asset Pricing Model (CAPM), which is one of the generally accepted application criteria referred to in IAS 36;
- reflects current market estimates of the time value of money and the specific risks associated with the asset groups; includes appropriate yield premiums for country risk;
- was calculated using comparative market parameters to estimate the "Beta coefficient" and the weighting coefficient of the equity and debt capital components.

These are reported below for the subCGU ServiceCo:

- the weighted average cost of capital (WACC rate) used to discount the future cash flows and the equivalent rate before tax;
- details are also provided of the growth rate used to estimate the residual value after the explicit forecast period (the G-Rate), expressed in nominal terms and related to the cash flows in their functional currency;
- details are provided of the implicit capitalization rates resulting from the difference between the cost of capital, after tax, and the G-Rate.

Relevant Parameters for Fair Value Estimates of the ServiceCo sub-CGU

WACC	6.84 %
WACC before tax	8.90 %
Growth rate beyond the explicit period (g)	0.83 %
Capitalization rate after tax (WACC-g)	6.01 %
Capitalization rate before tax (WACC-g)	8.07 %
Capex/Revenues, perpetual	11.90 %

The growth rate in the terminal value "g" of the ServiceCo subCGU was estimated taking into account the expected evolution of demand for the various business areas, overseen in terms of investments and competences also by the subsidiary Noovle. The growth rate thus estimated falls within the range of growth rates applied by analysts who monitor TIM shares.

The phase of capital expenditure, competitive positioning and the technological infrastructure operated was taken into account in estimating the level of investment needed to sustain the perpetual development of cash flows after the explicit forecast period.

The recoverable amount of the Domestic cash generating unit, determined on the basis of the Fair Value estimated on the basis of the sum of the parts, showed headroom of 2,107 million euros.

Therefore, in light of all the above elements, the Goodwill values recognized in the financial statements of TIM S.p.A. are confirmed in the year 2023.

NOTE 4

INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The item decreased by 445 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Depreciation and amortization	Impairment (losses) /Reversals	Disposals	Other changes	12.31.2022
Industrial patents and intellectual property rights	**1,281**	459	(735)		(1)	298	**1,302**
Concessions, licenses, trademarks and similar rights	**2,620**	71	(294)		(1)	920	**3,316**
Other intangible assets	**2**	1	(1)			—	**2**
Work in progress and advance payments	**1,375**	245			—	(1,217)	**403**
Total	**5,278**	**776**	**(1,030)**	**—**	**(2)**	**1**	**5,023**

(million euros)	12.31.2022	Investments	Depreciation and amortization	Impairment (losses) /Reversals	Disposals	Other changes	12.31.2023
Industrial patents and intellectual property rights	**1,302**	427	(723)	—	(1)	249	**1,254**
Concessions, licenses, trademarks and similar rights	**3,316**	—	(322)	—	—	10	**3,004**
Other intangible assets	**2**	2	(1)	—	—	(1)	**2**
Work in progress and advance payments	**403**	188	—	—	(1)	(272)	**318**
Total	**5,023**	**617**	**(1,046)**	**—**	**(2)**	**(14)**	**4,578**

Industrial patents and intellectual property rights consisted of software, patents and television rights. In particular:

- television rights for TIM multimedia platforms are amortized over the duration of the contracts;
- application and plant operation software, purchased outright and with user licenses, is amortized over an expected useful life of two, three or six years;
- patents are amortized over five years.

They decreased by 48 million euros on December 31, 2022, following the investment scenario and potential exercise during the period. In particular, there was a decline in investments in OSS & BSS systems compared to the previous year.

Concessions, licenses, trademarks and similar rights mainly related to the residual cost of licenses for mobile and fixed telecommunications services. this item decreased by 312 million euros compared to December 31, 2022 due to amortisation, which was partly offset by the ability to exercise the extension of the 28 GHz band, expiring on December 31, 2029.

The amount of telephone licenses and similar rights in operation at December 31, 2023 and their useful lives are detailed below:

Type	Residual amount at 12/31/2023 (thousands of euros)	Useful life (Years)	Maturity	Amortization expense for 2023 (thousands of euros)
UMTS 2100 MHz (extension)	179,764	8	12/31/2029	29,961
WiMax (extension)	3,945	7	12/31/2029	991
34-36-MHz OpNet (former Linkem) band	52,466	7	12/31/2029	8,744
LTE 1800 MHz	51,426	18	12/31/2029	8,571
LTE 800 MHz	360,189	17	12/31/2029	60,032
LTE 2600 MHz	39,613	17	12/31/2029	6,602
L Band (1452-1492 MHz)	98,824	14	12/31/2029	16,471
900 and 1800 MHz band	328,490	11	12/31/2029	54,748
3600-3800 MHz band (5G)	1,242,434	19	12/31/2037	88,745
26.5-27.5 GHz band (5G)	24,331	19	12/31/2037	1,738
694-790 MHz band (5G)	614,374	15 years and 6 months	12/31/2037	43,884
28 GHz band (Extension)	8,296	7	12/31/2029	1,383

Work in progress and advance payments stood at 318 million euros (403 million euros at December 31, 2022), signalling a decrease of 85 million euros, as exercisability was greater than investments for the year. Work in progress mainly referred to IT investments in BSS-OSS and Service Creation and the development of access platforms.

Capital expenditures for 2023 stood at 617 million euros for a decrease of 159 million euros compared to 2022, mainly as a result of fewer license acquisitions (-70 million euros following the acquisition of the 34-36 band licenses from the operator OpNet ex Linkem, which took place in 2022); lower investments in OSS&BSS systems (-32 million euros) and in data switching (-2 million euros); less work in progress for approximately 57 million euros essentially due to lower investments in licenses, digital and system transformation projects and IT running.

Amortization of intangible assets amounted to 1,046 million euros and increased by 16 million euros compared to the amount recognized in 2022 (1,030 million euros). This trend can mainly be attributed to the commencement of amortization of the 34-36 MHz band license, acquired in 2022 by the operator OPnet (formerly Linkem), and to the implementation of the 5G 700 MHz licenses from June 2022 onward. The increase in amortization resulting from the licenses acquired (a total of approximately 28 million euros) was partially offset by lower amortizations on software application developments and on television broadcasting rights (-12 million euros).

Amortization is recorded in the income statement under the components of EBIT.

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2022 and December 31, 2023 can be summarized as follows:

		12.31.2022		
(million euros)	**Gross carrying amount**	**Accumulated impairment losses**	**Accumulated amortization**	**Net carrying amount**
Industrial patents and intellectual property rights	7,733	(1)	(6,430)	**1,302**
Concessions, licenses, trademarks and similar rights	4,886	—	(1,570)	**3,316**
Other intangible assets	58	—	(56)	**2**
Work in progress and advance payments	403	—	—	**403**
Total	**13,080**	**(1)**	**(8,056)**	**5,023**

(million euros)	Gross carrying amount	12.31.2023 Accumulated impairment losses	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	8,381	(1)	(7,126)	**1,254**
Concessions, licenses, trademarks and similar rights	4,894	—	(1,890)	**3,004**
Other intangible assets	59	—	(57)	**2**
Work in progress and advance payments	318	—	—	**318**
Total	**13,652**	**(1)**	**(9,073)**	**4,578**

With reference to the gross values of intangible assets with a finite useful life, 29 million euros of disposals were made in 2023, in particular: 19 million euros for the almost total amortization of intellectual property rights to, among other things, software systems and developments relating to the TIM Music platform, which was closed in June 2023; 8 million euros for abandoned or expired patents and 1 million euros for obsolete network software.

NOTE 5
TANGIBLE ASSETS

The item decreased by 276 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Depreciation and amortization	Impairment (losses)/ Reversals	Disposals	Other changes	12.31.2022
Land	**202**						**202**
Buildings (civil and industrial)	**455**	6	(28)		—	8	**441**
Plant and equipment	**5,829**	565	(1,173)		(23)	273	**5,471**
Manufacturing and distribution equipment	**18**	5	(8)			2	**17**
Other	**146**	33	(61)		—	12	**130**
Construction in progress and advance payments	**573**	290			(3)	(284)	**576**
Total	**7,223**	**899**	**(1,270)**	**—**	**(26)**	**11**	**6,837**

(million euros)	12.31.2022	Investments	Depreciation and amortization	Impairment (losses) / Reversals	Disposals	Other changes	12.31.2023
Land	**202**	—	—	—	(4)	1	**199**
Buildings (civil and industrial)	**441**	3	(27)	—	(4)	8	**421**
Plant and equipment	**5,471**	590	(1,139)	—	(24)	297	**5,195**
Manufacturing and distribution equipment	**17**	5	(7)	—	—	1	**16**
Other	**130**	27	(56)	—	—	9	**110**
Construction in progress and advance payments	**576**	364	—	—	(1)	(319)	**620**
Total	**6,837**	**989**	**(1,229)**	**—**	**(33)**	**(3)**	**6,561**

Land includes both built-up land (with buildings or light constructions) and other available land (on which various building works stand that are not recorded in the land registry, such as pylons, building podia, etc.). It should be noted that land, including land pertaining to buildings, is not depreciated. This item decreased by 3 million euros compared to December 31, 2022.

Buildings (civil and industrial) includes buildings for industrial use hosting telephone exchanges or offices and light constructions (small prefabricated buildings and stacked containers). This item decreased by 20 million euros compared to December 31, 2022.

Plant and machinery represents the technical infrastructure used for the provision of telecommunications services (transport and distribution of voice/data traffic). In detail, this is investments and potential exercise relating mainly to underground and overhead copper network, optical fiber LTE/UMTS core transport and access network and access to transmission devices, including SDH-Wdm data network and switch, NGAN devices, power systems and fixed and mobile commercial products for customer rental contracts. The item decreased by 276 million euros compared to December 31, 2022, mainly as a result of amortizations and disposals not fully offset by investments and exercisability for the period. Investments in 2023 (590 million euros) were up on the previous year (565 million euros), also in view of the exercisability linked to the National Recovery and Resilience Plan (NRPP). In particular, compared to the 2022 financial year, there were greater investments in NGAN and transmission equipment (+43 million euros), access and carrier network in fiber optics (+8 million euros) and the underground copper network (+6 million euros) and lower investments in LTE/UMTS core and access (-19 million euros), commercial products (-2 million euros), power supply systems (-7 million euros), data network and switching (-7 million euros).

Manufacturing and distribution equipment consists of instruments and equipment used for the operation and maintenance of plant and equipment.

Other mainly consists of hardware for the functioning of the network and for work stations, furniture and fixtures and, to a minimal extent, transport vehicles and office machines; it dropped by 20 million euros on December 31, 2022.

Construction in progress and advance payments increased by 44 million euros compared to December 31, 2022, mainly as investments in the period were greater than the entry into operation of capitalizations from previous years; These include the internal and external costs incurred for the acquisition and internal production of tangible assets, which are not yet in use. Other changes included the entry into operation of capitalizations from previous years. Compared to the previous year, there were greater investments in stock of network materials (+14 million euros), linked to activities related to the National Recovery and Resilience Plan (NRPP).

Disposal amounted to 33 million euros and mainly included the sale of Dark Fiber for network infrastructures (installation, transmission and access), the sale of sites and the abandonment of sites for Base Transceiver Stations and the disposal and sale of equipment as part of the decommission and asset enhancement process.

Capital expenditures for 2023 came to 989 million euros and increased by 90 million euros compared to 2022; they are capital expenditure and exercisability mainly relating to the underground and aerial copper network (54 million euros), access and carrier network in fiber optics (104 million euros), LTE/UMTS core and access (59 million euros), transmission equipment including SDH-Wdm (125 million euros), data network and switching (22 million euros), NGAN equipment (36 million euros), power supply systems (15 million euros) and fixed and mobile commercial products for customer rental contracts (144 million euros). They also included 159 million euros of internally generated assets (154 million euros in the 2022 financial year) for the design, construction and testing of access and transport network infrastructure and systems, assets under construction related to the NRPP (132 million euros) and investments in stock of network materials (14 million euros).

Depreciation of tangible assets totaled 1,229 million euros, a decrease of 41 million euros compared to 2022.

Depreciation is calculated using the straight-line method over the remaining useful lives of the assets in accordance with the depreciation plan reviewed annually to take account of useful lives by single class of fixed asset. The effects of any changes in the useful life are recognized in the income statement prospectively.
Depreciation for the year 2023 is calculated on a straight-line basis over the estimated useful lives of the assets according to the following minimum and maximum rates:

Buildings (civil and industrial)	3% – 20%
Plant and equipment	3% - 50%
Manufacturing and distribution equipment	20%
Other	11% - 33.33%

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2022 and December 31, 2023 can be summarized as follows:

(million euros)	Gross carrying amount	12.31.2022 Accumulated impairment losses	Accumulated amortization	Net carrying amount
Land	202			**202**
Buildings (civil and industrial)	1,678		(1,237)	**441**
Plant and equipment	48,866	(9)	(43,386)	**5,471**
Manufacturing and distribution equipment	302		(285)	**17**
Other	1,352	(2)	(1,220)	**130**
Construction in progress and advance payments	578	(2)		**576**
Total	**52,978**	**(13)**	**(46,128)**	**6,837**

(million euros)	Gross carrying amount	12.31.2023 Accumulated impairment losses	Accumulated amortization	Net carrying amount
Land	199	—	—	**199**
Buildings (civil and industrial)	1,649	—	(1,228)	**421**
Plant and equipment	49,469	(9)	(44,265)	**5,195**
Manufacturing and distribution equipment	307	—	(291)	**16**
Other	1,381	(2)	(1,269)	**110**
Construction in progress and advance payments	621	(1)	—	**620**
Total	**53,626**	**(12)**	**(47,053)**	**6,561**

With regard to the gross carrying amounts of tangible assets, in 2023 disposals were made for a total value of 341 million euros, mainly in relation to fully depreciated assets, including: fiber optic access (40 million euros), switching systems (5 million euros), aerial and underground network (3 million euros), network transmission systems and equipment (95 million euros), GSM SRB-DCS equipment (45 million euros), terminal rentals (27 million euros), power supply and conditioning systems (5 million euros), access and network equipment (9 million euros), land, buildings and light buildings (46 million euros), aerials and cable laying (7 million euros), ATM cards (7 million euros), SRB infrastructure (6 million euros), personal computers and company cell phones (6 million euros), HW management systems (7 million euros), dome cabins (5 million euros), TP equipment (8 million euros), IP Backbone data network equipment (3 million euros).

NOTE 6
RIGHTS OF USE ASSETS

This item increased by 83 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Investments	Increases in lease contracts	Depreciation and amortization	Impairment (losses) /Reversals	Disposals	Other changes	12.31.2022
Rights of use on intangible assets								
Rights of use Concessions, Licenses, Trademarks and Similar Rights	**3**		—	(2)				**1**
	3	**—**	**—**	**(2)**	**—**	**—**	**—**	**1**
Rights of use on tangible assets								
Property	**2,447**	16	186	(298)		(55)	22	**2,318**
Plant and equipment	**758**	31	120	(133)		(14)	14	**776**
Other	**77**		15	(26)		(3)		**63**
Assets in progress and advance payments	**35**	22					(27)	**30**
	3,317	**69**	**321**	**(457)**	**—**	**(72)**	**9**	**3,187**
Total	**3,320**	**69**	**321**	**(459)**	**—**	**(72)**	**9**	**3,188**

(million euros)	12.31.2022	Investments	Increases in lease contracts	Depreciation and amortization	Impairment (losses) /Reversals	Disposals	Other changes	12.31.2023
Rights of use on intangible assets								
Rights of use Concessions, Licenses, Trademarks and Similar Rights	**1**	—	—	(1)	—	—	—	**—**
	1	**—**	**—**	**(1)**	**—**	**—**	**—**	**—**
Rights of use on tangible assets								
Property	**2,318**	24	450	(310)	—	(35)	19	**2,466**
Plant and equipment	**776**	15	71	(132)	—	(14)	12	**728**
Other	**63**	—	12	(25)	—	(2)	—	**48**
Construction in progress and advance payments	**30**	18	—	—	—	—	(19)	**29**
	3,187	**57**	**533**	**(467)**	**—**	**(51)**	**12**	**3,271**
Total	**3,188**	**57**	**533**	**(468)**	**—**	**(51)**	**12**	**3,271**

The **rights of use on intangible assets** were zero as of December 31, 2023 (1 million euros as of December 31, 2022); these include the recording as an IFRS 16 lease, starting 2021, of an agreement that can be qualified as "Software as a Service - SaaS", in exchange for which TIM acquired the right to make exclusive use of software licenses residing on partitions of third party hardware platforms dedicated exclusively to the Company.

The **rights of use on tangible assets** amounted to 3,271 million euros and decreased compared to December 31, 2022 by 84 million euros. In particular:

- the item Property includes buildings and land under lease contracts and the related building adaptations. The item increased by 148 million euros mainly as a result of the assessment of the duration of IFRS 16 real estate leases, which led 257 contracts to be extended, generating an increase in fixed assets and a corresponding impact on debt of about 380 million euros;
- the item Plant and equipment mainly includes rights of use on infrastructures for telecommunications services and decreased by 48 million euros over December 31, 2022.
- the item Other mainly includes motor vehicle finance leases and decreased by 15 million euros compared to December 31, 2022.

Investments consist of the acquisition of IRU transmission capacity (15 million euros) and incremental and improvement expenses incurred for leased property and non-property assets (42 million euros).

Increases in lease contracts include the higher value of the rights of use recorded as a result of new leases, increases of lease payments and renegotiations of agreements existing for both land and buildings for office use and industrial relationship over time, to infrastructure sites for the mobile telephone network infrastructure and network. The abovementioned assessment of lease durations also had an impact on the 2023 result.

In accordance with IFRS 16 (Leases), lease liabilities are presented through the recognition of a financial liability in the statement of financial position at the present value of future lease payments, against the recognition of a rights-of-use asset of the leased asset.

Disposals represents the book value of the assets from property lease contracts (and related improvements) issued in advance, net of the value of the residual financial debt.

Other changes includes the transfers during the year and the changes related to the lower value of rights of use recorded as a result of contractual changes during the year, mainly for lease liabilities under IFRS16.

Amortization and **impairment losses** have been recorded in the income statement as components of EBIT.

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2022 and December 31, 2023 can be summarized as follows:

		12.31.2022		
(million euros)	Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Rights of use on intangible assets				
Rights of use Concessions, Licenses, Trademarks and Similar Rights	4		(3)	**1**
Work in progress and advance payments				**—**
	4	**—**	**(3)**	**1**
Rights of use on tangible assets				
Property	4,895	(13)	(2,564)	**2,318**
Plant and equipment	1,233		(457)	**776**
Equipment				**—**
Other	200		(137)	**63**
Assets in progress and advance payments	30			**30**
	6,358	**(13)**	**(3,158)**	**3,187**
Total	**6,362**	**(13)**	**(3,161)**	**3,188**

		12.31.2023		
(million euros)	Gross carrying amount	Accumulated impairment losses	Accumulated amortization	Net carrying amount
Rights of use on intangible assets				
Rights of use Concessions, Licenses, Trademarks and Similar Rights	4	—	(4)	**—**
Work in progress and advance payments	—	—	—	**—**
	4	**—**	**(4)**	**—**
Rights of use on tangible assets				
Property	5,252	(13)	(2,773)	**2,466**
Plant and equipment	1,315	—	(587)	**728**
Equipment	—	—	—	**—**
Other	192	—	(144)	**48**
Assets in progress and advance payments	29	—	—	**29**
	6,788	**(13)**	**(3,504)**	**3,271**
Total	**6,792**	**(13)**	**(3,508)**	**3,271**

With regard to the gross carrying amounts of rights of use of third party assets, in 2023 disposals were made for a total value of 130 million euros.The categories of assets most affected were: rented properties and related improvements and adaptations (106 million euros), base transceiver stations (3 million euros) and leased cars (20 million euros).

NOTE 7
INVESTMENTS

These decreased, compared to December 31, 2022, by 118 million euros and refer to:

(million euros)	12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Subsidiaries	10,563		10,709	
Associates and joint ventures	304		279	
Other investments	36	*36*	33	*33*
Total	**10,903**	***36***	**11,021**	***33***

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

As permitted by IFRS 9, TIM S.p.A. now measures all Other Investments at fair value through other comprehensive income (FVTOCI).

In 2023 the main transactions with subsidiaries, associates, joint ventures and other equity investments of TIM S.p.A. were the following:

- *TIM Servizi Digitali S.p.A.*: On August 4, 2023 TIM S.p.A. sold 100% of the share capital of the company TIM Servizi Digitali S.p.A. to the company Nextaly Srl.;
- *TIAudit Compliance Latam S.A. in liquidation*: The liquidation of the company was completed in October 2023.

Movements during 2023 for each investment and the corresponding amounts at the beginning and end of the year are shown in the tables below. In particular, the main movements for the year were as follows:

- *Telecom Italia Sparkle S.p.A.:* the investment was written down by 107 million euro;
- *Olivetti SpA Società Benefit:* the 33 million euro investment was entirely written off;
- *Italtel SpA*: the investment was written down by 4 million euro;
- *Polo Strategico Nazionale SpA:* TIM made a capital investment of 19 million euros;
- *TIMFin SpA:* TIM made a capital investment of 10 million euros;
- *FIN PRIV:* the fair value of the investment was adjusted upwards by 3 million euros.

Investments

(thousands of euros)	**Carrying amount at 12/31/2022**	Mergers/ demergers spin-offs of business units	Acquisitions/ Subscriptions/ Payments to cover Losses	Disposals/ Reimbursements	Impairment losses / Reversals / Value/ Adj. Fair value	Other changes and reclassifications	Total changes	**Carrying amount at 12/31/2023**
Investments in subsidiaries								
CD FIBER S.r.l.	43						—	43
FIBERCOP S.p.A.	2,965,611					283	283	2,965,894
OLIVETTI S.p.A. SOCIETA' BENEFIT	33,074				(33,044)	(30)	(33,074)	—
NOOVLE S.p.A. SOCIETA' BENEFIT	1,079,786					121	121	1,079,907
TELECOM ITALIA CAPITAL S.A.	2,388						—	2,388
TELECOM ITALIA FINANCE S.A.	5,914,971						—	5,914,971
TELECOM ITALIA LATAM PARTICIPAÇÕES E GESTÃO ADMINISTRATIVA	—						—	—
TELECOM ITALIA SAN MARINO S.p.A.	7,565						—	7,565
TELECOM ITALIA SPARKLE S.p.A.	587,840				(107,000)	269	(106,731)	481,109
TELECOM ITALIA VENTURES S.r.l.	63,635						—	63,635
TELECONTACT CENTER S.p.A.	12,632					22	22	12,654
TELENERGIA S.r.l.	50		50				50	100
TELSY S.p.A.	19,522						—	19,522
TI AUDIT COMPLIANCE LATAM (in liquidation) S.A.	181			(181)			(181)	—
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A.	—						—	—
TIM RETAIL S.r.l.	15,143						—	15,143
TIM MY BROKER S.r.l.	10						—	10
TIM SERVIZI DIGITALI S.p.A.	6,084	(2,676)	4,000		(7,408)		(6,084)	—
	10,708,535	**(2,676)**	**4,050**	**(181)**	**(147,452)**	**665**	**(145,594)**	**10,562,941**

(thousands of euros)	**Carrying amount at 12/31/2022**	Mergers/ demergers spin-offs of business units	Acquisitions/ Subscriptions/ Payments to cover Losses	Disposals/ Reimbursements	Impairment losses / Reversals / Value/ Adj. Fair value	Other changes and reclassifications	Total changes	**Carrying amount at 12/31/2023**
Investments in associates and joint ventures								
AREE URBANE (in liquidation)	—						—	—
DAPHNE 3 S.p.A.	234,247						—	234,247
ITALTEL S.p.A.	10,262				(3,705)		(3,705)	6,557
NORDCOM S.p.A.	2,143						—	2,143
POLO STRATEGICO NAZIONALE S.P.A.	5,400		18,900				18,900	24,300
TIGLIO I	—						—	—
TIMFin S.p.A.	26,950		9,800				9,800	36,750
	279,002	**—**	**28,700**	**—**	**(3,705)**	**—**	**24,995**	**303,997**

(thousands of euros)	**Carrying amount at 12/31/2022**	Mergers/ demergers spin-offs of business units	Acquisitions/ Subscriptions/ Payments to cover Losses	Disposals/ Reimbursem ents	Impairment losses / Reversals / Value/ Adj. Fair value	Other changes and reclassifica-tions	Total changes	**Carrying amount at 12/31/2023**
Investments in other companies								
BANCA UBAE	2,050				137		137	2,187
FIN. PRIV.(**)	20,393				3,020		3,020	23,413
IST. ENCICLOPEDIA ITALIANA G. TRECCANI	4,274				(880)		(880)	3,394
ISTITUTO EUROPEO DI ONCOLOGIA	2,789				75		75	2,864
Other minor investments	3,450	—	2	(4)	151	—	149	3,599
	32,956	**—**	**2**	**(4)**	**2,503**	**—**	**2,501**	**35,457**
Total Investments	**11,020,493**	**(2,676)**	**32,752**	**(185)**	**(148,654)**	**665**	**(118,098)**	**10,902,395**

(**) Recognized investment measured at fair value through other comprehensive income (FVTOCI).

The list of investments in subsidiaries, associates and joint ventures at December 31, 2023 is presented in compliance with Article 2427 of the Italian Civil Code and reported in the Note "List of investments in subsidiaries, associates and joint ventures".

NOTE 8

NON-CURRENT AND CURRENT FINANCIAL ASSETS

Non-current and current financial assets were broken down as follows:

(million euros)		12.31.2023	12.31.2022
Non-current financial assets			
Financial receivables and other non-current financial assets			
Financial receivables from subsidiaries		3,049	2,228
Receivables from employees		29	36
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		73	396
Non-hedging derivatives		726	825
Other financial receivables		9	9
		3,886	**3,494**
Financial receivables for lease contracts		**6**	**8**
Total non-current financial assets	**(a)**	**3,892**	**3,502**
Securities other than investments, other financial receivables and other current financial assets			
Securities other than investments			
Measured at amortized cost (AC)		—	—
Measured at fair value through other comprehensive income (FVTOCI)		—	—
Measured at fair value through profit or loss (FVTPL)		—	—
		—	—
Financial receivables and other current financial assets			
Receivables from employees		22	19
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		66	31
Non-hedging derivatives		73	59
Financial receivables from subsidiaries		380	357
Other short-term financial receivables		491	1
	(b)	**1,032**	**467**
Financial receivables for lease contracts	**(c)**	**68**	**45**
Cash and cash equivalents	**(d)**	**598**	**1,375**
Total current financial assets	**e=(b+c+d)**	**1,698**	**1,887**
Total non-current and current financial assets	**(f)=(a+e)**	**5,590**	**5,389**

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

Financial receivables from subsidiaries amounted to 3,049 million euros (2,228 million euros at December 31, 2022) and consisted of loans granted to Fibercop S.p.A. (2,080 million euros), Noovle S.p.A. (884 million euros), Telecom Italia Sparkle S.p.A. (60 million euros), Telsy S.p.A. (24 million euros). Current financial receivables from subsidiaries amounted to 380 million euros (357 million euros at December 31, 2022) and included 19 million euros as the current portion of medium-long term loans and 361 million euros in utilisation of short-term credit lines (of which Telecom Italia Sparkle S.p.A. for 357 million euros).

Financial receivables for lease contracts (current and non-current) amounted to 74 million euros (53 million euros at December 31, 2022) and included:

- agreements for the sale of network infrastructure in IRU with deferred collection over time of 64 million euros (42 million euros at December 31, 2022) recognized using the financial method envisaged by IFRS 16 given the contractual term substantially close to the economic life of the asset;
- contracts for the lease of commercial products to customers, for an amount of 10 million euros (11 million euros at December 31, 2022). For the financial receivables for lease assets are offset by the financial debt for the corresponding leases payable.

Receivables from employees (current and non-current) amounted to 51 million euros (55 million euros at December 31, 2022) and included the remaining amount due on loans granted.

Hedging derivatives amounting to 139 million euros (427 million euros at December 31, 2022), referred to:

- cash flow hedges consisting of hedged items classified as current assets/liabilities of a financial nature (73 million euros), with Telecom Italia Finance S.A.;
- cash flow hedges consisting of hedged items classified as non-current assets/liabilities of a financial nature (66 million euros), mainly with Telecom Italia Finance S.A.;

Non-hedging derivatives amounted to 799 million euros (884 million euros at December 31, 2022) and included the asset value of transactions that TIM S.p.A. carries out on behalf of Group companies under centralized treasury arrangements. This item is offset by the corresponding item classified in financial liabilities.

The non-hedging derivatives consisted of:

- items classified under non-current financial assets (726 million euros), which refer to the mark-to-market spot valuation component of the non-hedging derivatives;
- items classified as current financial assets (73 million euros), relating to the accrued income component on non-hedging derivative contracts.

Further details are provided in the Note "Derivatives".

Other short-term financial receivables consist of the 488 million euros in National Recovery and Resilience Plan (NRRP) funds received on January 2, 2024 in relation to the 1G tender. For further details, see Note 15 “Net financial debt”.

Cash and cash equivalents amounted to 598 million euros, down by 777 million euros compared to December 31, 2022 and were broken down as follows:

(million euros)	12.31.2023	12.31.2022
Liquid assets with banks, financial institutions and post offices	560	1,157
Checks, cash and other receivables and deposits for cash flexibility	—	—
Receivables from subsidiaries	38	218
Total	**598**	**1,375**

The different technical forms of investing available cash can be analyzed as follows:

- maturities: investments have a maximum maturity of three months;
- counterparty risk: investments are made with leading banking and financial institutions with high credit quality and with a rating of at least BBB- according to Standard & Poor’s or similar rating agencies;
- Country risk: deposits have been made mainly in major European financial markets.

NOTE 9

MISCELLANEOUS RECEIVABLES AND OTHER NON-CURRENT ASSETS

Miscellaneous receivables and other non-current assets breaks down as follows:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Miscellaneous receivables (non-current)					
Miscellaneous receivables from subsidiaries		140	—	156	—
Miscellaneous receivables from associates		—	—	—	—
Other receivables		43	*12*	42	*11*
	(a)	**183**	***12***	**198**	***11***
Other non-current assets					
Deferred contract costs		1,541	—	1,627	
Other deferred costs		71	—	53	
	(b)	**1,612**	**—**	**1,680**	**—**
Total	**(a+b)**	**1,795**	***12***	**1,878**	***11***

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

Miscellaneous receivables (non-current)

The item includes receivables due from subsidiaries for 140 million euros (156 million euros at December 31, 2022) relating to tax consolidation receivables; it also includes receivables for 31 million euros due from the tax authority for income tax (31 million at December 31, 2022).

Other non-current assets

This item decreased by 68 million euros compared to December 31, 2022 and includes:

- **Contract costs deferred for** 1,541 million euros (1,627 million euros at December 31, 2022): mainly related to the deferral of costs connected to the activation and acquisitions of new contracts with customers. Contractual costs (mainly technical activation costs and commissions for the sales network) were deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (on average around 4 years for the mobile business and around 8 years for the fixed-line business).

  Total deferred non-current and current contract costs amounted to 2,095 million euros (2,223 million euros at December 31, 2022); the breakdown of the total deferred non-current and current contract costs at December 31, 2023 is provided below, as well as the related changes in the period:

(million euros)	12.31.2023	12.31.2022
Deferred contract costs		
Non-current deferred contract costs	1,541	1,627
Current deferred contract costs	554	596
Total	**2,095**	**2,223**

(million euros)	12.31.2022	Increase	Release to income statement	Other changes	12.31.2023
Contract acquisition costs	**1,432**	377	(383)		**1,426**
Contract execution costs	**791**	91	(213)		**669**
Total deferred contract costs	**2,223**	**468**	**(596)**	**—**	**2,095**

Total deferred contract costs will be recognized in the income statement of future years of the Company and in particular, for approximately 594 million euros, in 2024, based on the amount at December 31, 2023 without taking into account the new deferred portions. More specifically:

(million euros)	12.31.2023	Year of recognition in the income statement					
		2024	2025	2026	2027	2028	After 2028
Deferred contract costs							
Contract acquisition costs	1,426	394	326	249	175	124	158
Contract execution costs	669	200	163	119	84	54	49
Total	**2,095**	**594**	**489**	**368**	**259**	**178**	**207**

- **Other deferred costs of** 71 million euros (53 million euros at December 31, 2022): mainly referred to costs for leased assets.

NOTE 10

INCOME TAX EXPENSE (CURRENT AND DEFERRED)

Current income tax receivables

Non-current income tax receivables (classified as Miscellaneous receivables and other non-current assets) amounted to 31 million euros at December 31, 2023, which is unchanged compared to the previous year; they relate to non-assigned receivables for taxes and interest resulting from the recognized deductibility for IRES tax purposes of the IRAP tax calculated on labor costs, relating to years prior to 2012, following the entry into force of Italian Decree Law 16/2012.

Current tax receivables came to 42 million euros and were up 8 million euros on December 31, 2022 (34 million euros); included receivables for tax paid abroad for 13 million euros, residual IRAP from previous years for 15 million euros, tax consolidation credit for 10 million euros, and other tax receivables of 4 million euros.

Tax assets and deferred tax liabilities

The net balance is composed as follows:

(million euros)	12.31.2023	12.31.2022
Deferred tax assets	406	461
Deferred tax liabilities	—	—
Total	**406**	**461**

The 2023 financial statements do not include IRES deferred tax for current period and prior period tax losses nor do they include IRAP deferred tax assets/liabilities, (as was the case in the previous financial statements), in consideration of the assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.

The presentation of deferred tax assets and liabilities in the financial statements takes account of offsets to the extent that such offsets are legally permitted. The composition of the gross amounts prior to offsetting is presented below:

(million euros)	12.31.2023	12.31.2022
Deferred tax assets	431	495
Deferred tax liabilities	(25)	(34)
Total	**406**	**461**

Deferred tax assets and deferred tax liabilities which made up this line item at December 31, 2023 and 2022, as well as the movements during 2023 were as follows, broken down by type of temporary differences:

(million euros)	12.31.2022	Recognized in profit or loss	Recognized in equity	Other changes	12.31.2023
Deferred tax assets:					
Provisions for pension fund integration Law 58/92	4	(1)			3
Provisions	211	(85)			126
Provision for bad debts	82	(6)			76
Financial instruments	73		33		106
Taxed depreciation and amortization	95	8			103
Discounting of provision for employee severance indemnities	5	(5)			—
Tax losses (*)	—				—
Other deferred tax assets	25	(8)			17
Total	**495**	**(97)**	**33**	**—**	**431**
Deferred tax liabilities:					
Accelerated depreciation	(3)				(3)
Bond issue expense	(3)	2			(1)
Other deferred tax liabilities	(28)	7			(21)
Total	**(34)**	**9**	**—**	**—**	**(25)**
Total Deferred tax assets net of Deferred tax liabilities	**461**	**(88)**	**33**	**—**	**406**

(*) For the new flow of tax losses in 2023, no deferred tax assets are entered

The expirations of deferred tax assets and deferred tax liabilities at December 31, 2023 were the following:

(million euros)	Within next year	Beyond 1 year year	Total at 12/31/2023
Deferred tax assets	167	264	431
Deferred tax liabilities	(3)	(22)	(25)
Total Deferred tax assets net of Deferred tax liabilities	**164**	**242**	**406**

The company has not posted deferred IRES tax assets for 766 million euros on tax losses and for 99 million euros on benefits for Aid to economic growth (ACE), and IRAP deferred tax assets for 17 million.

Income tax payables

Current tax liabilities and non-current tax liabilities at December 31, 2023 were zero (unchanged from December 31, 2022).

Income tax expense

The **income tax expense** for the years ended December 31, 2023 and 2022 is detailed below:

(million euros)	2023	2022
IRAP taxes for current year	—	—
IRES taxes for current year	—	—
Substitute tax pursuant to Decree Law 104/2020 art. 110	—	(692)
Expenses/(income) from tax consolidation	(132)	(144)
Current taxes of prior years	(2)	17
Total current taxes	**(134)**	**(819)**
Deferred taxes for the year	79	6
Tax realignment pursuant to Decree Law 104/2020 Art. 110 and write-off of deferred tax assets	—	2,656
Deferred taxes of prior years	9	—
Total deferred taxes	**88**	**2,662**
Total income tax expense for the year	**(46)**	**1,843**

The current IRES tax rate is 24%, while the effective IRAP tax rate is 4.5%.

The current tax income consists of 132 million euros for the tax consolidation benefit and 2 million euros for lower tax from previous years, relating to the effects on the tax return with respect to the forecasts prepared in the 2022 financial statements on the basis of the information available at the time.

The current tax benefits juxtaposes with the deferred tax expense of 88 million euros, of which 9 million euros relate to previous years.

The reconciliation between the theoretical tax charge, calculated on the basis of the IRES tax rate in effect at December 31, 2023 (24%), and the effective tax charge in the financial statements is as follows:

(million euros)	2023	2022
Result before tax		
From continuing operations	(1,042)	(1,234)
Total profit (loss) before tax	**(1,042)**	**(1,234)**
Theoretical income tax expense	**(250)**	**(296)**
Income tax effect on increases (decreases) in variations:		
dividends recognized in income	(257)	(25)
impairment losses, gains and losses on investments	40	(69)
non-deductible depreciation, amortization and impairments	1	2
non-deductible costs	9	9
other items	18	(20)
IRES taxes for previous years	8	—
Prepaid IRES tax benefit/write-off pursuant to Decree Law 104/2020, Art. 110	—	2,656
Suspension of period tax losses (failure to enter deferred tax)	385	263
Effective income tax recognized in income statement, excluding IRAP and substitute tax	**(46)**	**2,520**
IRAP (Regional Tax on Production Activities)	—	15
Write-off of substitute tax pursuant to Decree Law 104/2020 art. 110	—	(692)
Total of actual taxes to income statement	**(46)**	**1,843**

For a better understanding of the above reconciliation, the impacts of Regional Income Tax (IRAP) and substitute tax pursuant to Law Decree 104/2020, Art. 110, have been shown separately so as to avoid any distorting effect arising from the fact that these taxes are calculated on a different tax base to the pre-tax profit.

Global Minimum Tax

Legislative Decree No. 209 of December 27, 2023, implementing the international tax reform, transposed European Union Council Directive No. 2022/2523/EU (the "**Directive**"), which implements the rules developed by the OECD on Pillar 2 and Global Minimum Tax ("***Model Rules***" or "***GloBE Rules***"). The new rules enter into force on January 1, 2024.

To give a very brief overview, the *GloBE Rules* introduce a coordinated system of rules for multinational groups with total revenues of 750 million euros or more, aimed at ensuring that they are subject to a minimum tax level of at least 15% in relation to income generated in each country in which they operate. The *GloBE Rules* provide for the application of a top-up tax due if the effective tax rate ("**ETR**") calculated for each country according to the common rules is below 15%, up to that level. The ETR is equal to the ratio of taxes paid (with adjustments) to accounting profit (with adjustments). Both the calculation of the effective tax rate and the supplementary tax are done on a jurisdictional (i.e. country-by-country) basis.

The OECD has developed a system of safe harbours (i.e. tests) applicable during the first three-year period of the *GloBE Rules* (until 2026), which will make it possible to avoid making the complex calculations required and to consider the supplementary tax due in a given state to be zero if one of the following tests is passed:

- ***de minimis test***: aggregate revenue in that state is less than 10 million euros and aggregate pre-tax profit is less than 1 million euros (or a loss);
- ***simplified ETR test***: The effective tax level is at least 15% (for 2024), 16% (for 2025) and 17% (for 2026) and is to be determined on the basis of the ratio of the aggregate values of pre-tax profit/loss (denominator) and income tax (numerator);
- ***routine profit test:*** the economic substance present in a given jurisdiction (calculated assuming a given implied profitability of tangible assets and personnel costs located in the jurisdiction) is greater than the aggregate amount of pre-tax profit/loss. In the event that the group is found to have a pre-tax loss, the test will be regarded as positive.

As it falls within the scope of application of the *GloBE Rules*, TIM S.p.A. is currently analysing the new rules and structuring an internal process for collecting the data necessary to carry out the calculations required when fully implemented.

TIM S.p.A. also performed a simulation on the figures for the financial year 2022, with reference to the potential application of safe harbours in the jurisdictions in which it operates. From initial estimates and based on the best interpretation of documents published by the OECD, practically all countries pass at least one of the tests.

With regard to the related amendments adopted by the IASB to IAS 12 and implemented by Regulation (EU) No. 2023/2468, please refer to what is specified in Note 2 "Accounting Policies".

NOTE 11

INVENTORIES

At December 31, 2023, these amounted to 198 million euros (193 million euros at December 31, 2022) and mainly consisted of fixed and mobile telecommunications equipment and terminals and the related accessories.

This item increased by 5 million euros compared to December 31, 2022. this trend is mainly due to lower consumption in the mobile sector, especially in the last quarter of the year.

In 2023, write-downs of inventories amounted to around 3 million euros.

No inventories are pledged as collateral.

NOTE 12

TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER CURRENT ASSETS

Trade and miscellaneous receivables and other current assets at December 31, 2023 breaks down as follows:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial*
Trade receivables					
Receivables from customers		408	*408*	685	*685*
Receivables from other telecommunications operators		1,411	*1,411*	1,178	*1,178*
Receivables from subsidiaries		1,009	*1,009*	860	*860*
Receivables from associates and joint ventures		46	*46*	21	*21*
Receivables from other related parties		25	*25*	27	*27*
Customer collections pending credit		8	*8*	5	*5*
	(a)	**2,907**	***2,907***	**2,776**	***2,776***
Miscellaneous receivables (current)					
Receivables from subsidiaries		163	—	108	—
Receivables from associates and joint ventures		—	—	—	—
Receivables from other related parties		—	—	—	—
Other receivables		502	*55*	471	*82*
	(b)	**665**	***55***	**579**	***82***
Other current assets					
Contract assets		31	*31*	14	*14*
Deferred contract costs		554	—	596	
Other deferred costs		347	—	272	
Other		57	—	56	—
	(c)	**989**	***31***	**938**	***14***
Total	**(a+b+c)**	**4,561**	***2,993***	**4,293**	***2,872***

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

The analyses of the aging of the financial instruments included in Trade and miscellaneous receivables and other current assets at December 31, 2023 and December 31, 2022 are provided below:

(million euros)	12.31.2023	of which non-overdue	of which overdue	Overdue: 0-90 days	91-180 days	181-365 days	More than 365 days
Trade and miscellaneous receivables and other current assets	**2,993**	2,677	316	96	35	41	144

(million euros)	12.31.2022	of which non-overdue	of which overdue	Overdue: 0-90 days	91-180 days	181-365 days	More than 365 days
Trade and miscellaneous receivables and other current assets	**2,872**	2,515	357	65	61	48	183

Financial instruments included in trade and miscellaneous receivables and other current assets include Assets deriving from contracts with customers (Contract Assets) for 31 million euros; they increased by 121 million euros compared to December 31, 2022. In particular:

- **current net receivables**: increased by 162 million euros mainly due to the impact of transactions with FiberCop, Polo Strategico Nazionale and Noovle;
- **overdue net receivables:** decreased by 41 million euros following the combined increase recorded in the 0 to 90 days aging bracket, primarily as a result of the dynamics in roaming; and the reduction of aging in the other brackets, in particular for aging in excess of 365 days, primarily as a result of the improved performance of collections in the retail subscriber segments, as well as the dynamics of turnover.

Trade receivables

These came to 2,907 million euros (2,776 million euros at December 31, 2022) and were net of the related provision for bad debts of 316 million euros (365 million euros at December 31, 2022); in particular, the provision for bad debt at December 31, 2023 was impacted by the provisions made in 2023 for a total of 62 million euros.

Movements in the provision for bad debts were as follows:

(million euros)	12.31.2023	12.31.2022
At January 1	**365**	**420**
Provision charges to the income statement	62	57
Draw downs and other changes	(111)	(112)
At December 31	**316**	**365**

Trade receivables increased by 131 million euros compared to December 31, 2022, mainly as a result of the changes in the receivables due from customers and subsidiaries.

In particular, we report:

- Receivables from customers: amounted to 408 million euros and dropped by 277 million euros compared to December 31, 2022;
- Receivables from other operators: amounted to 1,411 million euros and increased by 233 million euros compared to December 31, 2022;
- receivables from subsidiaries: amounted to 1,009 million euros and increased by 149 million euros compared to December 31, 2022, mainly following greater receivables due from FiberCop (+132 million euros) for delivery activities on the secondary network. This item refers to receivables for the supply of TLC products and services, mainly to FiberCop (771 million euros), Noovle S.p.A. Benefit Company (156 million euros), TIM S.A. (26 million euros), TIM Retail (21 million euros), Telecom Italia Sparkle (15 million euros), Olivetti S.p.A. Società Benefit (5 million euros) and Telecontact (4 million euros);
- receivables from associates: amounted to 46 million euros (21 million euros at December 31, 2022) and mainly relate to the supply of services to Polo Strategico Nazionale S.p.A.;
- receivables from associates amounted to 25 million euros (27 million euros at December 31, 2022) and relate to the supply of services to the Cassa Depositi e Prestiti Group.

Miscellaneous receivables (current)

Amounted to 665 million euros (net of a provision for bad debts of 44 million euros), increasing by 86 million euros compared to December 31, 2022. They include:

- **receivables from subsidiaries**: these amounted to 163 million euros (108 million euros at December 31, 2022) and mainly related to receivables from Group companies for the tax consolidation (155 million euros);
- **Other receivables**: totaled 502 million euros and break down as follows:

(million euros)	12.31.2023	12.31.2022
Advances to suppliers	304	272
Receivables from employees	8	8
Tax receivables	15	5
Receivables for grants from the government and public entities	10	11
Sundry receivables	165	175
Total	**502**	**471**

The tax receivables amounted to 15 million euros and are essentially represented by VAT receivables (13 million euros), credit amounts resulting from tax returns and tax receivables.

Receivables for grants from the government and public entities (10 million euros) mainly refer to the projects called Ultra Broadband-BUL and Broadband-BL. These contributions are recognised in the income statement at the time of entry into operation of the plants to which the contributions refer.

Sundry receivables mainly included:

- receivables for with-recourse assignments to factoring companies (23 million euros);
- receivables from social security and pension institutions (18 million euros);
- miscellaneous receivables from other TLC operators (27 million euros);
- receivables for Universal Service (52 million euros).

Other current assets

This item amounted to 989 million euros and increased by 51 million euros compared to December 31, 2022; it included:

- **Contract assets**: amounted to 31 million euros (14 million euros at December 31, 2022) and referred to:
  - 12 million euros for the advance recognition of revenues for those bundle contracts (such as product and service packages) with the individual performance obligations with different timing for their recognition, in which goods recognized "at point in time" are sold at a discounted price, or for those contracts which, envisaging a discount for a period of time less than the minimum contract duration, pursuant to IFRS 15 need the discount to be reallocated over the minimum contract duration.
  - 19 million euros for the works carried out in the 2023 financial year in relation to the projects under the National Recovery and Resilience Plan (NRRP).

  Contract Assets - net of the related devaluation fund of 1 million euros - increased by 17 million euros compared December 31, 2022, substantially due to the work carried out in relation to the National Recovery and Resilience Plan (NRRP) projects launched in 2023.
- **Deferred contract costs** (554 million euros, 596 million euros at December 31, 2022): Contractual costs (mainly technical activation costs and commissions for the sales network) were deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (on average around 4 years for the mobile business and around 8 years for the fixed-line business). For additional details on the deferred contract costs and their movement during the year, refer to the Note "Miscellaneous receivables and other non-current assets";
- **Other deferred costs**: amounted to 347 million euros (272 million euros at December 31, 2022) and referred to:
  - 278 million euros for the deferral of costs related to rental fees and other lease and rental costs;
  - 23 million euros for the deferral of costs for the purchase of products and services;
  - 32 million euros for the deferral of after-sales expenses on application offers;
  - 6 million euros for maintenance fees;
  - 8 million euros for insurance premiums.
- **Other** (57 million euros, 56 million euros at December 31, 2022): these include approximately 19 million euros in receivables for works from the subsidiary FiberCop.

NOTE 13
EQUITY

This item is composed as follows:

(million euros)	12.31.2023	12.31.2022
Share capital issued	**11,677**	**11,677**
less: Treasury shares	(57)	(63)
Share capital	**11,620**	**11,614**
Additional paid-in capital	**575**	**2,133**
Legal reserve	**2,335**	**2,335**
Other reserves:		
Merger surplus reserve	—	777
Other	(379)	470
Total other reserves	**(379)**	**1,247**
Retained earnings, including profit (loss) for the year	**(995)**	**(3,077)**
Total	**13,156**	**14,252**

Movements in share capital during 2023 are presented in the following tables:

Reconciliation between the number of shares outstanding at 12/31/2022 and at 12/31/2023

(number of shares)		As at 12/31/2022	Share assignment/ issue	at 12/31/2023	% on Capital
Ordinary shares issued	(a)	15,329,466,496	—	15,329,466,496	71.78
less: treasury shares	(b)	(115,942,196)	10,879,774	(105,062,422)	
Ordinary shares outstanding	(c)	15,213,524,300	10,879,774	15,224,404,074	
Savings shares issued and outstanding	(d)	6,027,791,699	—	6,027,791,699	28.22
Total shares issued	**(a+d)**	**21,357,258,195**	**—**	**21,357,258,195**	**100.00**
Total shares outstanding	**(c+d)**	**21,241,315,999**	**10,879,774**	**21,252,195,773**	

Reconciliation between the value of shares outstanding at 12/31/2022 and at 12/31/2023

(thousands of euros)		Share Capital at 12/31/2022	Change share capital	Share Capital at 12/31/2023
Ordinary shares issued	(a)	8,381,330		8,381,330
less: treasury shares	(b)	(63,391)	5,948	(57,443)
Ordinary shares outstanding	(c)	8,317,939	5,948	8,323,887
Savings shares issued and outstanding	(d)	3,295,673		3,295,673
Total share capital issued	**(a+d)**	**11,677,003**	**—**	**11,677,003**
Total share capital outstanding	**(c+d)**	**11,613,612**	**5,948**	**11,619,560**

During 2023, treasury shares decreased by 10,879,774 (5,948 thousand euros) in execution of the first cycle of the Long Term Incentive Plan 2020-2022.

Disclosure on share capital

The ordinary and savings shares of TIM S.p.A. are listed in Italy (FTSE index).

In the shareholder resolutions passed to increase share capital against cash payments, the pre-emption right can be excluded to the maximum extent of ten percent of the pre-existing share capital, on condition that the issue price corresponds to the market price of the shares and that this is confirmed in a specific report issued by the firm charged with the audit of the Company.

The Company sources itself with the capital necessary to fund its requirements for business development and operations; the sources of funds are found in a balanced mix of equity, permanently invested by the shareholders, and debt capital, to guarantee a balanced financial structure and minimize the total cost of capital, with a resulting advantage to all the stakeholders.

Debt capital is structured according to different maturities and currencies to ensure an adequate diversification of the sources of funding and an efficient access to external sources of financing (taking advantage of the best opportunities offered in the financial markets of the euro, U.S. dollar and Pound sterling areas to minimize costs), taking care to reduce the refinancing risk.

The remuneration of equity is proposed by the Board of Directors to the Shareholders' Meeting, which meets to approve the annual financial statements, based upon market trends and business performance, once all the other obligations are met, including debt servicing. Therefore, in order to guarantee an adequate remuneration of capital, safeguard company continuity and business development, the Company constantly monitors the change in debt levels in relation to equity, the level of net debt and the operating margin of industrial operations.

Privileges of savings shares

The privileges of TIM S.p.A. savings shares are indicated below:

- the profit shown in the duly approved financial statements, after deducting the amount to be allocated to the legal reserve, must be distributed to the holders of savings shares in an amount up to 5% of the 0.55 euros per share;
- after assigning preferred dividends to the savings shares, the distribution of which is approved by the shareholders' meeting, the remaining profit shall be allocated among all the shares, so that savings shares are entitled to higher overall dividends than ordinary shares would be entitled to, to the extent of 2% of 0.55 euros per share;
- when, in any one year, dividends of below 5% of the 0.55 euros per share are paid to the savings shares, the difference is determined as an increase of the privileged dividend in the next two subsequent years;
- in the event of a distribution of reserves, the savings shares have the same rights as the other shares. Moreover, when there is no profit or insufficient profit is reported in the financial statements for a given year to satisfy the aforesaid savings shares privileges, the Shareholders' Meeting called to approve those financial statements may choose to satisfy the dividend right and/or the higher dividend right by distributing available reserves. The distribution of available reserves for such payments excludes the application of the mechanism extending the right to the preferred dividend not paid through the distribution of profits for the following two years;
- the reduction of share capital as a result of losses does not affect the savings shares except for the amount of the loss which is not covered by the portion of the share capital represented by the other shares;
- upon the wind-up of TIM S.p.A., the savings shares have a pre-emption right in the reimbursement of capital up to the amount of 0.55 euros per share;
- in the event of the cessation of trading in the Company's ordinary or savings shares, the holder of savings shares may ask TIM S.p.A. to convert his/her shares into ordinary shares, using the method selected during a special session of the shareholders' meeting called for that purpose within two months of being excluded from trading.

It bears noting that share capital carries a tax suspension restriction for an amount equal to 1,191 million euros (unchanged compared to December 31, 2022).

The **Share premium reserve, which** amounted to 575 million euros as at December 31, 2023, decreased by 1,558 million euros compared to December 31, 2022 as a result of the coverage of the loss for the 2022 financial year, as resolved by the General Meeting of Shareholders on April 20, 2023.

The **Legal reserve** at December 31, 2023, was 2,335 million euros, unchanged compared to December 31, 2022. The reserve carries a tax suspension restriction up to 1,835 million euros.

Other reserves totaled -379 million euros at December 31, 2023, decreasing by 849 million euros compared to December 31, 2022.

The Other reserves moved through the Statements of Comprehensive Income are broken down as follows:

- Reserve for remeasurements of employee defined benefit plans (negative 73 million euros): increased, in absolute terms, by 8 million euros compared to December 31, 2022, following actuarial losses on severance pay for the 2023 financial year;
- Reserve for hedging instruments (negative 327 million euros, up 104 million euros in absolute terms compared to December 31, 2022): this reserve is related to the accounting of cash flow hedge transactions. In particular, it refers to unrealized gains and losses, net of the related tax effect, arising from the fair value adjustment of the financial instruments designated as cash flow hedges;
- Reserve for financial assets measured at fair value through other comprehensive income (positive for 3 million euros): this reserve increased by 5 million euros compared to December 31, 2022.

The Other reserves also include:

- Merger surplus reserve: this was zero at December 31, 2023 (777 million euros at December 31, 2022) following coverage of the loss of 2022, as resolved by the Shareholders' Meeting on April 20, 2023;
- Reserve for other equity instruments: this reserve amounted to 20 million euros (up by 2 million euros compared to December 31, 2022) and consisted of:
  - 3 million euros, the amount of the Stock Option Plan 2022-2024 approved by the Shareholders' Meeting on April 7, 2022;
  - 17 million euros, the amount of the second cycle 2021-2023 of the 2020-2022 Long Term Incentive Plan, approved by the Shareholders' Meeting on April 23, 2020. It should be noted that, during 2023, 10,879,774 shares were allocated in execution of the first cycle of the Long Term Incentive Plan 2020-2022.

  For further details, refer to the Note "Equity Compensation Plans".
- Other reserves: amounted to a total negative value of -2 million euros, a decrease of 744 million euros compared to December 31, 2022, of which -742 million euros as a result of the coverage of the loss for the year 2022, as resolved by the shareholders' meeting of April 20, 2023.

Retained earnings (accumulated losses), including result for the year, was negative for 995 million euros at December 31, 2023 (negative for 3,077 million euros at December 31, 2022) and refer to the 2023 loss.

The following statement provides additional disclosure on equity and is prepared pursuant to Article 2427, number 7-bis, showing the items in equity separately according to their source, possibility of utilization and distribution, in addition to their utilization in the three-year period 2021-2023.

Summary pursuant to Article 2427, no. 7-bis

Nature/description (million euros)	Amount at 12/31/2023	Potential utilization	Amount available	Summary of utilizations made in the three-year period 2021-2023: for loss coverage	for other
Share capital	**11,620**				
Capital reserves:					
Additional paid-in capital	575	A,B,C	575	1,558	
Legal reserve	1,953	B	—		
Reserve for other equity instruments	20	B	—		
Reserve for remeasurements of defined benefit plans	57	A,B,C	57		
Profit reserves:					
Legal reserve	382	B	—		
Other reserves	—	A,B,C	—		1
Reserve for hedging instruments and related underlying instruments	(327)		—		
Reserve for available-for-sale financial assets	3	B	—		
Reserve for remeasurements of defined benefit plans	(130)		(130)		
Total	**14,153**		**502**	**1,558**	**1**
Treasury shares			(59)		
Residual distributable percentage			**443**		

Key:
A = for increases in capital;
B = for loss coverage;
C = for distribution to shareholders

Specifically, the amounts shown in the column "Summary of the amounts utilized in the three-year period 2021/2023 – for other reasons" relate to the distribution of dividends.

The table below shows the restrictions, relating to off-book tax deductions effected for income tax purposes in past years, pursuant to Article 109, subsection 4, letter b) of TUIR:

(million euros)

Off-book deductions at 12/31/2022	**18**
Reversal for taxation during the year	(1)
Off-book deductions at 12/31/2023	**17**
Deferred taxes	(4)
Restriction on equity at 12/31/2023	**13**

In this regard, a restriction was imposed on all equity reserves, without distinction, for an amount equal to the off-book deductions net of the related deferred taxes. This restriction remains until such time as the excess tax deductions and consequent taxation are recovered in the books.

More specifically, compared with the situation at December 31, 2022, deductions remain essentially unchanged.

Therefore, taking into account the residual deductions effected in prior years and not covered by the fiscal realignment carried out in accordance with Italian Law 244 dated December 24, 2007, the total restriction on equity in the financial statements amounts to 13 million euros.

Future potential changes in share capital

The table below shows future potential changes in share capital, based on the long-term share incentive plans, still outstanding at December 31, 2023:

	Number of maximum shares issuable	**Share capital** (thousands of euros)	**Additional paid-in capital** (thousands of euros)	**Subscription price per share** (euros)
Capital increases already approved (ordinary shares)				
2020-2022 Long Term Incentive Plan (free issue)	8,619,620			
2022-2024 Stock Options Plan	257,763,000	109,292		0.424
Total	**266,382,620**	**109,292**		

Further information is provided in the Notes “Non-current and current financial liabilities” and “Equity compensation plans”.

NOTE 14

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Non-current and current financial liabilities (gross financial debt) are broken down as follows:

(million euros)		12.31.2023	12.31.2022
Non-current financial liabilities for financing contracts and others			
Non-current financial payables:			
Bonds		9,445	10,118
Amounts due to banks		3,634	4,043
Payables to other lenders		10	9
Payables due to subsidiaries		3,864	3,516
		16,953	**17,686**
Other non-current financial liabilities:			
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		398	234
Non-hedging derivatives		741	859
Other liabilities		2	—
		1,141	**1,093**
	(a)	**18,094**	**18,779**
Non-current financial liabilities for lease contracts			
Payables to subsidiaries		21	25
Payables to third parties		2,689	2,575
	(b)	**2,710**	**2,600**
Total non-current financial liabilities	**c=(a+b)**	**20,804**	**21,379**
Current financial liabilities for financing contracts and others			
Current financial payables:			
Bonds		3,007	2,668
Amounts due to banks		794	716
Payables to other lenders		224	181
Payables due to subsidiaries		1,845	1,871
Payables to associates		2	—
		5,872	**5,436**
Other current financial liabilities:			
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		32	177
Non-hedging derivatives		79	77
Other liabilities		—	—
		111	**254**
	(d)	**5,983**	**5,690**
Current financial liabilities for lease contracts			
Payables to subsidiaries		38	28
Payables to third parties		429	431
	(e)	**467**	**459**
Total Current financial liabilities	**f=(d+e)**	**6,450**	**6,149**
Total financial liabilities (Gross Financial Debt)	**g=(c+f)**	**27,254**	**27,528**

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

Gross financial debt according to the original currency of the transaction is as follows:

	12.31.2023		12.31.2022	
	(millions of foreign currency)	(million euros)	(millions of foreign currency)	(million euros)
USD	2,515	2,276	2,514	2,357
GBP	—	—	389	438
YEN	20,000	128	20,000	142
EUR		24,850		24,591
Total		**27,254**		**27,528**

The breakdown of gross financial debt by effective interest-rate bands applicable to the original transaction is provided below, excluding the effect of any derivative hedging instruments:

(million euros)	12.31.2023	12.31.2022
Up to 2.5%	2,541	5,574
From 2.5% to 5%	9,555	14,870
From 5% to 7.5%	10,241	3,573
From 7.5% to 10%	3,225	1,725
Over 10%	3	3
Accruals/deferrals, MTM and derivatives	1,689	1,783
Total	**27,254**	**27,528**

Following the use of hedging instruments, on the other hand, gross financial debt by nominal interest rate level is:

(million euros)	12.31.2023	12.31.2022
Up to 2.5%	4,711	5,832
From 2.5% to 5%	7,929	13,261
From 5% to 7.5%	8,706	4,924
From 7.5% to 10%	4,216	1,725
Over 10%	3	3
Accruals/deferrals, MTM and derivatives	1,689	1,783
Total	**27,254**	**27,528**

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

Details of the maturities of financial liabilities – at nominal repayment amount:

	maturing by 12/31 of the year:						
(million euros)	**2024**	**2025**	**2026**	**2027**	**2028**	**After 2028**	**Total**
Bonds	2,757	2,000	1,750	1,250	2,750	1,670	12,177
Loans and other financial liabilities	928	1,027	447	390	2,015	3,976	8,783
Finance lease liabilities	406	375	366	336	281	1,352	3,116
Total	**4,091**	**3,402**	**2,563**	**1,976**	**5,046**	**6,998**	**24,076**
Current financial liabilities	1,820	—	—	—	—	—	1,820
Total	**5,911**	**3,402**	**2,563**	**1,976**	**5,046**	**6,998**	**25,896**

The main components of financial liabilities are commented below.

Bonds are broken down as follows:

(million euros)	12.31.2023	12.31.2022
Non-current portion	9,445	10,118
Current portion	3,007	2,668
Total carrying amount	**12,452**	**12,786**
Fair value adjustment and measurements at amortized cost	(275)	(287)
Total nominal repayment amount	**12,177**	**12,499**

The nominal repayment amount of bonds totaled 12,177 million euros, down by 322 million euros compared to December 31, 2022 (12,499 million euros) as a result of the new issuances/repayments/buybacks made in 2023.

The change in bonds during 2023 was as follows:

New issues

(millions of original currency)	Currency	Amount	Issue date
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 S.p.A. 750 million euros 7.875%	Euro	750	9/28/2023

Repayments

(millions of original currency)	Currency	Amount	Repayment date
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 repurchased in June 2016.

Buybacks

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

The following table lists the bonds issued by TIM S.p.A., expressed at the nominal repayment amount, net of bond buy-backs, and also at market value:

Currency	Total (millions)	Nominal repayment amount (million euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 12/31/2023 (%)	Market value at 12/31/2023 (million euros)
Bonds issued by TIM S.p.A.								
Euro	450	450	3.625%	20/1/16	19/1/24	99.632	99.915	450
Euro	950	950	4.000%	11/1/19	11/4/24	99.436	99.777	948
USD	1,500	1,357	5.303%	30/5/14	30/5/24	100	99.564	1,351
Euro	1,000	1,000	2.750%	15/4/19	15/4/25	99.320	97.643	976
Euro	1,000	1,000	3.000%	30/9/16	30/9/25	99.806	97.833	978
Euro	750	750	2.875%	28/6/18	28/1/26	100	96.950	727
Euro	1,000	1,000	3.625%	25/5/16	25/5/26	100	98.467	985
Euro	1,250	1,250	2.375%	12/10/17	12/10/27	99.185	93.700	1,171
Euro	850	850	6.875%	27/1/23	15/2/28	100	106.731	907
Euro	400	400	6.875%	12/4/23	15/2/28	100.750	106.731	427
Euro	750	750	7.875%	20/7/23	31/7/28	99.996	111.422	836
Euro	750	750	7.875%	28/9/23	31/7/28	102	111.422	836
Euro	1,000	1,000	1.625%	18/1/21	18/1/29	99.074	86.604	866
Euro	670	670	5.250%	17/3/05	17/3/55	99.667	92.371	619
Total		**12,177**						**12,077**

The regulations and/or Offering Circulars relating to the bonds described above are available on the corporate website at the address: gruppotim.it.

Non-current payables to banks totaled 3,634 million euros (4,043 million euros at December 31, 2022). Short-term payables to banks totaled 794 million euros, up by 78 million euros (716 million euros at December 31, 2022) and refer to the current portion of non-current amounts due to banks.

Non-current payables to other lenders totaled 10 million euros (9 million euros at December 31, 2022), while current payables to other lenders totaled 224 million euros (181 million euros at December 31, 2022) and did not include the current portion of non-current payables to other lenders.

Non-current payables to subsidiaries amounted to 3,864 million euros (3,516 million euros at December 31, 2022) and consisted of loans obtained from Telecom Italia Capital S.A. (2,736 million euros) and from Telecom Italia Finance S.A. (1,128 million euros), following the issues of bonds placed by the financial companies of the Group on the United States and Luxembourg markets.

Current payables to subsidiaries amounted to 1,845 million euros and decreased by 26 million euros compared to December 31, 2022 (1,871 million euros). They include:

- the current portion of medium/long-term loans to Telecom Italia Capital S.A. (240 million euros) and Telecom Italia Finance S.A. (35 million euros);
- short-term loans to Telecom Italia Capital S.A. (203 million euros) and Telecom Italia Finance S.A. (1,107 million euros);
- current accounts as part of the treasury services regulated at market rates for a total of 260 million euros, particularly with TIM Retail S.r.l. (65 million euros), Telecom Italia Ventures (57 million euros), Telecom Italia Sparkle S.p.A. (52 million euros), Telecontact Center S.p.A. (44 million euros), Olivetti S.p.A. (12 million euros), Telecom Italia Trust Technology (11 million euros).

Non-current financial liabilities for lease contracts amounted to 2,710 million euros (2,600 million euros at December 31, 2022). Current financial liabilities for lease contracts amounted to 467 million euros (459 million euros at December 31, 2022) and referred for 433 million euros to the current portion of non-current financial liabilities for lease contracts.
With reference to the finance lease liabilities recognized in 2023 and 2022 the following is noted:

(million euros)	2023	2022
Principal reimbursements	390	391
Cash out interest portion	149	119
Total	**539**	**510**

Hedging derivatives relating to items classified as non-current liabilities of a financial nature amount to 398 million euros (234 million euros at December 31, 2022). Hedging derivatives relating to hedged items classified as current financial liabilities amounted to 32 million euros (177 million euros at December 31, 2022).

Non-current non-hedging derivatives amounted to 741 million euros (859 million euros at December 31, 2022). Current non-hedging derivatives amounted to 79 million euros (77 million euros at December 31, 2022). These line items include the measurement in the liabilities of transactions which TIM S.p.A. carries out with

banking counterparties to service the companies of the Group in its exclusive role as the centralized treasury function (cash pooling), and are offset in full by the corresponding items classified as financial assets.
Further details are provided in the Note "Derivatives".

Covenants, negative pledges and other contract clauses in effect at December 31, 2023

Bonds issued by TIM S.p.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 bond issues and payment of interest are not backed by specific guarantees.
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.Currently, these loans are partially guaranteed.

In addition, on May 5, 2023, TIM took out a new 360 million euro loan with the EIB, partially guaranteed by SACE.

Therefore, at December 31, 2023 the nominal total of outstanding loans with the EIB was 1,060 million euros.

The EIB loans include 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 not 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. These include 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, except where certain 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.

Finally, as at December 31, 2023, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

Revolving Credit Facility

The following table shows committed credit lines(*) available at December 31, 2023:

(billion euros)	12.31.2023		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).

TIM's rating at December 31, 2023

At December 31, 2023, the three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rated TIM as follows:

	Rating	Outlook
STANDARD & POOR'S	B+	Under review for upgrade
MOODY'S	B1	Under review for upgrade
FITCH RATINGS	BB-	Under review for upgrade

On November 6, 2023, Moody's placed Telecom Italia's B1 rating under review in view of a possible future upgrade.

On November 9, 2023, Standard & Poor's placed Telecom Italia's B+ rating under review in view of a possible future upgrade.

On November 10, 2023, Fitch placed Telecom Italia's BB- rating under review in view of a possible future upgrade.

NOTE 15
NET FINANCIAL DEBT

The table below shows the breakdown of net financial debt of the TIM Group at December 31, 2023 and December 31, 2022, determined in accordance with the provisions of the "*Guidelines on disclosure requirements under the Prospectus Regulation*" issued by the ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138) and incorporated by Consob with its Note of Attention no. 5/21 dated April 29, 2021.

This table also shows the reconciliation of the net financial debt determined according to the aforementioned criteria indicated by the ESMA and net financial debt calculated according to the criteria of TIM S.p.A..

(million euros)		12.31.2023	12.31.2022
Liquid assets with banks, financial institutions and post offices	(a)	(560)	(1,157)
Other cash and cash equivalents	(b)	(38)	(218)
Securities other than investments	(c)	—	—
Liquidity	**(d=a+b+c)**	**(598)**	**(1,375)**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(e)	1,830	1,509
Current portion of non-current financial debt	(f)	4,481	4,550
Current financial debt	**(g=e+f)**	**6,311**	**6,059**
Net current financial debt	**(h=g-d)**	**5,713**	**4,684**
Non-current financial debt (excluding the current part and debt instruments)	(i)	10,560	10,040
Debt instruments	(j)	9,445	10,118
Trade payables and other non-current debt	(k)	1	1
Non-current financial debt	**(l=i+j+k)**	**20,006**	**20,159**
Total net financial debt as per ESMA guidelines 32-382-1138	**(m=h+l)**	**25,719**	**24,843**
Trade payables and other non-current debt (**)		(1)	(1)
Non-current financial receivables arising from lease contracts		(6)	(8)
Current financial receivables arising from lease contracts		(68)	(45)
Financial receivables and other current financial assets		(893)	(377)
Other financial receivables and other non-current financial assets		(3,087)	(2,273)
Subtotal	**(n)**	**(4,055)**	**(2,704)**
Net financial debt carrying amount (*)	(p=m+n)	**21,664**	**22,139**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(q)	(515)	(430)
Adjusted Net Financial Debt	**(r=p+q)**	**21,149**	**21,709**

(*) As regards the effects of related-party transactions on net financial debt, reference should be made to the specific table included in the Note "Related-party transactions".

The following additional disclosures are provided in accordance with IAS 7:

Additional cash flow information required by IAS 7

(million euros)		12.31.2022	Cash movements: Receipts and/or issues	Cash movements: Payments and/or reimburse-ments	Non-cash movements: Exchange differences	Non-cash movements: Fair value changes	Non-cash movements: Other changes and reclassifica-tions	12.31.2023
Financial payables (medium/long-term):								
Bonds		12,786	2,750	(3,032)	(40)	(28)	16	12,452
Amounts due to banks		4,658	360	(604)			14	4,428
Other financial payables		4,193	—	(6)	(47)		11	4,151
	(a)	**21,637**	**3,110**	**(3,642)**	**(87)**	**(28)**	**41**	**21,031**
of which short-term		*3,951*						*4,076*
Non-current financial liabilities for lease contracts		**3,035**	**19**	**(390)**			**479**	**3,143**
	(b)	**3,035**	**19**	**(390)**	**—**	**—**	**479**	**3,143**
of which short-term		*435*						*433*
Other medium/long-term financial liabilities:								
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		411			(113)	161	(29)	430
Non-hedging derivative liabilities		936			(83)	(42)	9	820
Other financial liabilities		—					—	—
	(c)	**1,347**	**—**	**—**	**(196)**	**119**	**(20)**	**1,250**
of which short-term		*254*						*111*
Financial payables (short term):								
Amounts due to banks		101					(101)	—
Other financial payables		1,408					422	1,830
	(d)	**1,509**	**—**	**—**	**—**	**—**	**321**	**1,830**
Total Financial liabilities (Gross financial debt)	(e=a+b+c+d)	**27,528**	**3,129**	**(4,032)**	**(283)**	**91**	**—**	**27,254**
Hedging derivative receivables relating to hedged items classified as current and non-current assets/liabilities of a financial nature	(f)	427			(302)	23	(9)	139
Non-hedging derivative receivables	(g)	884			(83)	(17)	15	799
Total	(h=e-f-g)	**26,217**	**3,129**	**(4,032)**	**102**	**85**	**(6)**	**26,316**

The change in short-term payables to banks (-101 million euros) is a cash movement mainly due to the closing of bank credit lines.

The value of the paid and collected interest expense reported in the Statements of Cash Flows takes into account the movements relating to transactions in CCIRS derivatives to hedge underlying assets in both the assets component (collections) and the liabilities component (payments) without netting the positions.

(million euros)	2023	2022
Interest expense paid	(1,781)	(1,383)
Interest income received	749	556
Net total	**(1,032)**	**(827)**

To consider the components of CCIRS derivatives as a single transaction, a representation is given with interest flows in and out shown net. This approach gives the following results:

(million euros)	2023	2022
Interest expense paid	(1,623)	(1,259)
Interest income received	591	432
Net total	**(1,032)**	**(827)**

National Recovery and Resilience Plan (NRRP)

Introduction

In August 2022, the TIM Group ("TIM") signed agreements with Infratel ("Distributing Entity"), relating to the award of three infrastructure tenders in the sector, for public grants to finance investment projects concerning the construction of new telecommunications infrastructure and related access equipment.

In these three tenders, which contain a clawback clause, TIM has won about 50% of the lots planned for **ITALIA 1G Plan ("1G") in temporary consortium (RTI) with FiberCop**; all tenders for the **5G Backhauling Plan ("5G_BH")**; the entire tender for the **5G Coverage Plan ("5G_CO")** in temporary consortium (RTI) with INWIT and Vodafone.

The 3 calls involve investments and undertakings by TIM until June 30, 2026, with interim half-yearly milestones. The total value is approximately 3.6 billion euros, with a booked contribution of 2.5 billion euros. Specifically:

- the 1G tender is for eligible investments of 2.6 billion euros and a contribution of 1.6 billion euros (average financeable capex of 62%);
- the 5G_BH tender is for eligible investments of 0.8 billion euros and a contribution of 0.725 billion euros (average financeable capex of 89%);
- the 5G_CO tender is for eligible investments of 0.158 billion euros and a contribution of 0.142 billion euros (average financeable capex of 89%).

Failure to achieve the milestones will lead to a penalty notice — reducing the contribution to be granted — which is recoverable within the next two milestones (i.e. within 12 months).

ITALIA 1G Plan

The Plan anticipates the creation of 2.9 million "address numbers" (this number was halved following the walk-in stage) and involves: the adaptation of fiber telecommunications networks; connectivity for consumer, business and public administration (PA) customers; dedicated connections for PA customers; and XGSPON technology coverage with download connections starting from 1 Gb.

5G Backhauling Plan

The Plan involves equipping mobile radio sites with fiber optic backhauling (BH) and connectivity on a high-performance, reliable and enabling transport network for all 5G services. These infrastructures will be made available in their entirety to all 5G mobile radio operators.

5G Coverage Plan

The Plan involves building new network infrastructure for the development of 5G mobile radio services, with the objective of achieving a transmission speed, under usual peak traffic conditions, of at least 150 Mbit/s in downlink and 30 Mbit/s in uplink.

Summary of Tenders

Every week, TIM sends weekly Infratel the official project tracking, communicating the status of the addresses/sites and the progress of the projects. In addition, every two weeks, a technical works update (in Italian: SAL) is held with the Distributing Entity to discuss the above-mentioned progress, critical issues and shared solutions to ensure that the plans proceed as expected.

Finally, every six months (i.e. at each milestone), TIM provides the Distributing Entity with a final summary of the addresses and sites, the progress made, and the planning of the next milestone.

Tender Advances

On May 12, 2023, INWIT (as representative for the 5G Coverage Plan) asked Infratel to activate and disburse a 20% advance payment (pursuant to art. 35, paragraph 18 of the Procurement Code); this advance may (at the discretion of Infratel) be increased up to a maximum of 30% in application of the "NRRP Decree".

On May 25 and 26, 2023, TIM asked Infratel to activate and disburse an advance payment for Plan 1G (representing the temporary consortium) and Plan 5G_BH, in the same manner as described above.

On November 28, 2023, Infratel agreed to the request to advance 30% of the total grant awarded for the 1G and 5G Plans, setting forth a progressive recovery method whereby 40% of the payable grant would be applied at each technical works update (SAL) up to the amount advanced.

As a condition precedent for the disbursement of advances, bank/insurance guarantees were issued for the full amount advanced, plus statutory interest.

These guarantees were issued to TIM by banks and insurance companies on December 21 and 22, 2023.

The table below shows the amounts awarded, together with the advances for each plan:

(million euros)

Plan	Amount awarded	% requested	Advance	Advance to TIM	Advance to consortium (RTI)
1G	1,628	30 %	488		
5G_BH	725	30 %	217		
5G_CO	346	30 %		53	104
TOTAL	**2,699**		**705**	**53**	**104**
			758		

Guarantees issued:

(million euros)

Plan	Guarantee amount	Guarantee type	Total premiums/fees
1G	208	Bank	10
	317	Insurance	9
5G_BH	234	Insurance	10
5G_CO	112	Bank	57
TOTAL	**871**		**86**

On December 29, 2023, after receiving the advance from Infratel, INWIT transferred part of its advance allocated for the 5G_CO tender to TIM.

The advance for the 1G and 5G tenders was disbursed by Infratel on December 28, 2023. The advance for 5G_BH was credited on December 29, 2023. Due to a delay on the bank's side, the advance for the 1G tender was credited on January 2, 2024. Infratel requested that the value date be changed to December 29, 2023.

The advances credited for the 5G_BH and 5G_CO tenders are recognised in Cash and cash equivalents and those for the 1G tender in short-term financial receivables, whereas for all tenders a contra-entry has been recognised to Miscellaneous payables to Infratel for the advances received.

NOTE 16
FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies of TIM S.p.A.

As reported in the Note "Financial Risk Management" of the TIM Group consolidated financial statements, TIM S.p.A. adheres to the Guidelines on "Management and control of financial risk" established for the Group.
The risk management policies of TIM S.p.A. observe the policies for the diversification of risks identified for the Group.
An optimum fixed-rate and variable-rate debt composition is defined for the entire Group and is not established for the individual companies.
As for the exchange rate risk on financial payables contracted by TIM S.p.A. denominated in currencies other than euro, such risk is hedged in full.
Derivative financial instruments are designated as fair value hedges for managing exchange rate and interest rate risk on instruments denominated in currencies other than euro and for managing interest rate risk on fixed-rate loans in euros. Derivative financial instruments are designated as cash flow hedges when the objective is to pre-set the exchange rate of future transactions and the interest rate.
All derivative financial instruments are entered into with leading banking and financial counterparts whose credit ratings are constantly monitored to reduce the credit risk.
TIM S.p.A. has current account transactions with subsidiaries, as part of its treasury services which are conducted at market rates, and multi-year loan agreements with them which are also at market rates.

Interest rate risk: sensitivity analysis

The change in interest rates on the variable component of payables and liquidity may lead to higher or lower finance income and expenses, while the changes in the level of the expected interest rate affect the fair value measurement of TIM S.p.A. derivatives. In particular:

- with regard to derivatives that convert the liabilities contracted by TIM S.p.A. to fixed rates (cash flow hedging), in line with international accounting standards that regulate hedge accounting, the fair value (mark-to-market) measurement of such instruments is set aside in a specific unavailable Equity reserve. The combined change of the numerous market variables to which the mark-to-market calculation is subject between the transaction inception date and the measurement date renders any assumption about the trend of the variables of little significance. As the contract expiration date approaches, the accounting effects described will gradually be absorbed until they cease to exist;
- if, at December 31, 2023, the interest rates in the various markets in which TIM S.p.A. operates had been 100 basis points higher/lower compared to the actual rates, then higher/(lower) finance expenses, before the income tax effect, would have been recognized in the income statement for 26 million euros (-46 million euros at December 31, 2022).

Refer to Note 2 "Accounting Policies" for the potential risk generated by the reform of benchmark interest rates.

Allocation of the financial structure between fixed rate and variable rate

As for the allocation of the financial structure between the fixed-rate component and the variable-rate component, for both financial assets and liabilities, reference should be made to the following tables. In the tables below we took into account the nominal repayment/investment amount (because that amount expresses the effective interest rate exposure of the Group) and, as far as financial assets are concerned, the intrinsic nature (financial characteristics and duration) of the transactions under consideration rather than just the stated contractual terms alone. Bearing that in mind, a transaction whose characteristics (short or very short time frame and frequent renewal) are such that the interest rate is periodically reset on the basis of market parameters, even though the contract does not call for re-fixing the interest rate (such as in the case of bank deposits, Euro Commercial Papers and receivables on sales of securities), has been considered in the category of variable rate.

Total Financial liabilities (at the nominal repayment amount)

(million euros)	12.31.2023			12.31.2022		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	12,177	—	12,177	10,799	1,700	12,499
Loans and other financial liabilities	7,695	4,204	11,899	7,446	4,893	12,339
Total non-current financial liabilities (including the current portion of medium/long-term financial liabilities)	**19,872**	**4,204**	**24,076**	**18,245**	**6,593**	**24,838**
Total current financial liabilities	**258**	**1,562**	**1,820**	**200**	**1,305**	**1,505**
Total	**20,130**	**5,766**	**25,896**	**18,445**	**7,898**	**26,343**

Total Financial assets (at the nominal investment amount)

(million euros)	12.31.2023 Fixed rate	Variable rate	Total	12.31.2022 Fixed rate	Variable rate	Total
Cash and cash equivalents	—	598	598	—	1,375	1,375
Other receivables	1,927	2,568	4,495	1,593	1,947	3,540
Total	**1,927**	**3,166**	**5,093**	**1,593**	**3,322**	**4,915**

With regard to variable-rate financial instruments, the contracts provide for revisions of the related parameters to take place within the subsequent 12 months.

Effective interest rate

As to the effective interest rate, for the categories where that parameter can be determined, such parameter refers to the original transaction net of the effect of any derivative hedging instruments. The disclosure, which is provided by class of financial asset and liability, has been determined, for purposes of calculating the weighted average, using the carrying amount adjusted by accruals, prepayments, deferrals and fair value adjustments: this is therefore the amortized cost, net of accruals and any changes in fair value, as a consequence of hedge accounting.

Total Financial Liabilities

(million euros)	12.31.2023 Adjusted carrying amount	Effective interest rate (%)	12.31.2022 Adjusted carrying amount	Effective interest rate (%)
Bonds	12,147	4.50	12,457	3.58
Loans and other financial liabilities	13,419	5.24	13,289	3.74
Total	**25,566**	**4.89**	**25,746**	**3.66**

Total Financial assets

(million euros)	12.31.2023 Adjusted carrying amount	Effective interest rate (%)	12.31.2022 Adjusted carrying amount	Effective interest rate (%)
Cash and cash equivalents	598	1.34	1,375	0.62
Other receivables	4,039	5.09	2,699	4.53
Total	**4,637**	**4.60**	**4,074**	**3.21**

As for financial assets, the weighted average effective interest rate is not essentially influenced by the existence of derivatives.

As for market risk management using derivatives, reference should be made to the Note "Derivatives".

Credit risk

Credit risk represents TIM’s exposure to possible losses arising from the failure of commercial or financial counterparties to fulfill their obligations. To measure this risk over time for impairment of financial assets (trade receivables due from customers included), the introduction of IFRS 9 required switching from the incurred loss model pursuant to IAS 39 to the expected credit loss model.

Such risk stems principally from economic and financial factors, or from the possibility that a default situation of a counterparty could arise, or from more strictly technical, commercial or administrative factors.

TIM’s maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets and trade receivables recorded in the financial statements, excluding guarantees received, described in the Note "Contingent liabilities, other information, commitments and guarantees".

Risk related to trade receivables is managed using customer scoring and analysis systems. For specific categories of trade receivables, the Group also makes use of factoring, mainly on a "non-recourse" basis.

In referring to the details indicated in the Note "Trade and miscellaneous receivables and other current assets", it should be pointed out that the provision for bad debts is raised on specific credit positions that present peculiar risk elements. On credit positions that do not have such characteristics, provisions are raised by customer segment according to the average uncollectibility estimated on the basis of statistical indicators.

Financial assets other than trade receivables are written down for impairment on the basis of a general model which recognizes expected credit losses over the following 12 months, or over the residual life of the asset in the event of a substantial worsening of its credit risk. The expected credit loss is calculated based on the default probability and the percentage of credit that cannot be recovered in the event of a default (the loss given default).

The model adopted to calculate the expected credit loss is based on the Bloomberg Credit Risk Model, a model developed by Bloomberg which, starting from Merton's distance-to-default (“DD”) concept, estimates the probability of default together with the recovery rate. At the same time, the loss given default is defined as the non-recoverable component of the post-default financial asset.

In particular, the DD - based on balance sheet data - is enriched with a series of additional information by country (macroeconomic, risk), business sector and individual company, as well as accounting adjustments aimed at ensuring uniformity of the model's outputs; finally, through a non-linear function of the DD, the default probability is obtained.

In order to improve credit risk management and relieve pressure on working capital, with specific reference to the offers for the Consumer and Small Business market involving the option of paying for products by installments, starting 2021, the company TIMFin has been operating, the result of the corporate joint venture between Santander Consumer Bank (SCB) and TIM.

Moreover, again for the credit risk relating to the asset components which contribute to the determination of Net financial debt it should be noted that, as per Group policy, the management of the liquidity of TIM S.p.A. is guided by conservative criteria and is principally based on money market management. As part of this management, investments are made during the year with temporary excess cash resources, which are expected to turn around within the subsequent 12-month period.

In order to limit the risk of non-fulfillment of the obligations undertaken by the counterparty, deposits were made with banking and financial institutions with a rating no lower than investment grade and non-negative outlook. Moreover, the terms of deposits are shorter than three months.

As concerns the credit risk relating to the current asset components and with particular reference to the trade receivables, the risk is managed on two levels:

- operational management along the entire process chain, starting from the checks during acquisition and continuing to the internal management checks of still active customers and the subsequent service interruption stages, contractual termination and assignment to specific institutions specialized in credit collection;
- management of specific securitization programs rather than of non-recurring disposals, most of which non-recourse in nature.

Liquidity risk

TIM S.p.A. pursues the Group's objective of achieving an adequate level of financial flexibility.

Current financial assets at December 31, 2023, together with unused committed bank lines, ensure complete coverage of debt repayment obligations for the next 12 months.

At December 31, 2023, the liquidity margin available for TIM S.p.A. is 4,598 million euros, with a decrease of 2,960 million euros compared with end 2022 (7,558 million euros).

23% of gross financial debt at December 31, 2023 (nominal repayment amount) will become due in the next 12 months.

The following tables report the contractual cash flows, not discounted to present value, relating to gross financial debt at nominal repayment amounts and the interest flows, determined using the terms and the interest and exchange rates in place at December 31, 2023. The portions of principal and interest of the hedged liabilities included both the disbursements and the receipts of the related hedging instruments.

Financial liabilities – Maturities of contractually expected disbursements

(million euros)		maturing by 12/31 of the year: 2024	2025	2026	2027	2028	After 2028	Total
Bonds	Principal	2,757	2,000	1,750	1,250	2,750	1,670	12,177
	Interest portion	495	401	343	285	212	966	2,702
Loans and other financial liabilities (*)	Principal	928	1,027	447	390	2,015	3,575	8,382
	Interest portion	364	336	276	263	249	1,357	2,845
Finance lease liabilities	Principal	406	375	366	336	281	1,352	3,116
	Interest portion	143	127	107	87	68	196	728
Non-current financial liabilities(*)	**Principal**	**4,091**	**3,402**	**2,563**	**1,976**	**5,046**	**6,597**	**23,675**
	Interest portion	**1,002**	**864**	**726**	**635**	**529**	**2,519**	**6,275**
Current financial liabilities(**)	**Principal**	**1,820**	**—**	**—**	**—**	**—**	**—**	**1,820**
	Interest portion	**23**	**—**	**—**	**—**	**—**	**—**	**23**
Total	**Principal**	**5,911**	**3,402**	**2,563**	**1,976**	**5,046**	**6,597**	**25,495**
	Interest portion	**1,025**	**864**	**726**	**635**	**529**	**2,519**	**6,298**

(*) These include hedging instruments, but exclude non-hedging derivatives.
(**) These exclude non-hedging derivatives.

Derivatives on financial liabilities – Contractually expected interest flows

(million euros)	maturing by 12/31 of the year: 2024	2025	2026	2027	2028	After 2028	Total
Disbursements	112	84	84	84	61	399	824
Receipts	(123)	(87)	(86)	(87)	(68)	(438)	(889)
Hedging derivatives – net (receipts) disbursements	**(11)**	**(3)**	**(2)**	**(3)**	**(7)**	**(39)**	**(65)**
Disbursements	322	306	308	306	311	2,120	3,673
Receipts	(322)	(306)	(308)	(306)	(311)	(2,120)	(3,673)
Non-Hedging derivatives – net (receipts) disbursements	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total net disbursements (receipts)	**(11)**	**(3)**	**(2)**	**(3)**	**(7)**	**(39)**	**(65)**

In order to name the Parent as the sole counterparty of the banking system, all the derivatives of the Group, except for those relating to two banking counterparties, have been centralized under TIM S.p.A.. In the TIM S.p.A. financial statements, this centralization has resulted in the presence of two non-hedging derivatives for each centralized transaction (one with the bank and the other for the same amount and opposite sign with the company of the Group), while the hedging relationship remains with the subsidiary and the Group.

The flows relating to the non-hedging derivatives that were placed under centralized management have therefore been excluded both from the analysis by maturity of contractually expected disbursements for financial liabilities and from the analysis by maturity of contractually expected interest flows for derivatives, because the positions are fully netted with one another and, consequently, are not significant for the analysis of liquidity risk.

Market value of derivative instruments

In order to determine the fair value of derivatives, the TIM Group uses various valuation models. The mark-to-market calculation is determined by discounting to present value the interest and notional future contractual flows using market interest rates and exchange rates.

The notional amount of IRS does not represent the amount exchanged between the parties and therefore does not constitute a measurement of credit risk exposure which, instead, is limited to the amount of the differential between the interest rates paid/received. The market value of CCIRSs, instead, also depends on the differential between the reference exchange rate at the date of signing the contract and the exchange rate at the date of measurement, since CCIRSs imply the exchange of the reference interest and principal, in the respective currencies of denomination.

The options are measured according to the Black & Scholes or Binomial models and involve the use of various measurements factors, such as: time horizon of the life of the option, risk-free rate of return, current price, volatility and any cash flows (e.g. dividends) of the underlying instrument, and exercise price. TIM S.p.A.

NOTE 17
DERIVATIVES

Derivative financial instruments are used by TIM S.p.A. to hedge its exposure to foreign exchange rate and interest rate risks and also to diversify the parameters of debt so that costs and volatility can be reduced to within predetermined operational limits.

Derivative financial instruments at December 31, 2023 are principally used to manage debt positions. They include interest rate swaps (IRS) to reduce interest rate exposure on fixed-rate and variable-rate bank loans and bonds, as well as cross currency and interest rate swaps (CCIRS), and currency forwards to convert the loans/receivables secured in different foreign currencies to the functional currency.

IRS transactions, at specified maturity dates, provide for the exchange of flows of interest with the counterparties, calculated on the notional amount, at the agreed fixed or variable rates.

The same also applies to CCIRS transactions which, in addition to the settlement of periodic interest flows, may provide for the exchange of principal, in the respective currencies of denomination, at maturity and possibly spot.

In carrying out its role as the Treasury function of the Group and with the aim of centralizing all exposures with banking counterparties in just one entity (i.e. TIM S.p.A. pooling), TIM has non-hedging derivative contracts signed with banks and mirror intercompany derivative contracts with Telecom Italia Capital S.A., Telecom Italia Finance S.A. and Telecom Italia Sparkle S.p.A., for a notional value of 4,443 million euros.The balance of asset and liability measurements of these contracts is equal to zero.

Hedges: economic relationship between underlying instrument and derivatives

The hedge relationships documented in hedge accounting at TIM S.p.A. belong to three categories: i) hedging of the cash flows coming from the coupon flow of bond issues denominated in currencies other than euro, ii) hedging of the cash flows coming from the flow of floating interest on intercompany loans denominated in euro, iii) hedging of the cash flows coming from the flow of floating interest on intercompany loans denominated in foreign currency.

In the first case, the hedged risk is represented by the variability in cash flows (and the repayment of the nominal amount) generated by exchange rates; hedging comprises combinations of IRS and CCIRS that synthetically transform fixed rate foreign currency income flows into fixed rate euro flows. In this case, exchange rate fluctuations will usually produce contrary effects on the underlying asset and on the derivative, as the asset leg of the latter faithfully reflects the underlying asset, while the liability leg is denominated in euro and is therefore insensitive to the exchange rate.

In the second case, the hedged risk is the variability of the cash flow against the performance of Euro market interest rates. The hedging is done with IRSs, which allow a variable flow of interest to be collected against the payment of a fixed rate interest flow. The current value of the underlying asset and derivatives depends on the structure of the Euro market interest rates. The fluctuations of rates generate an impact on the nominal amount of the flow of floating rate interest of the loan (only partially corrected by the discounting effect); on the derivative, there are changes in the discount factors of the flow of fixed interest expense and changes in the nominal flow of floating interest income (only partially corrected by the discounting effect). The effects induced on the derivative are of a single and contrary nature with respect to those on the underlying asset.

In the third case, the hedged risk is the variability of cash flows (including the nominal amount to be repaid) induced by the exchange rate in addition to the market interest rates in foreign currency; the hedging consists of IRS and CCIRS derivatives which turn the floating rate in foreign currency into a Euro fixed rate. In this case, exchange rate fluctuations (in addition to fluctuations in the interest rates in foreign currency) will produce physiologically opposite effects on the underlying asset and on the derivative, because the asset leg of the latter faithfully reflects the underlying asset, while the liability leg is denominated in euros and is therefore insensitive to the exchange rate (and to the interest rates in foreign currency). The impacts caused, on the other hand, by the Euro interest rates on the liability leg of the derivative are restricted to just discounting.

Hedges: determination of the hedge ratio

The types of hedging implemented by the Group require the adoption of a hedge ratio equal to 1:1, as the types of risk hedged (interest rate and exchange rate risks) are such as to generate economic effects in the underlying instruments that can only be offset by the same notional quantities of derivative instruments.

Hedges: potential sources of ineffectiveness

The contractualization of derivatives to hedge financial risks takes place at arm's length and aims to completely neutralize the effects produced by such instruments.

In practice, however, hedges (although financially perfect) may not guarantee an absolute accounting effectiveness due to the many counterparty banks involved, to the peculiar nature of certain derivatives in terms, for example, of fixing and/or indexing of variable parameters, and to the possible imperfect coincidence between critical terms.

The first table indicates total financial derivatives of TIM S.p.A. at December 31, 2023 and 2022; in compliance with standard IFRS 7, notional amounts are shown with reference to all the derivative instruments involved in the hedges.

The following tables break down financial derivatives by type of risk for each kind of hedging, separating financial assets and liabilities. For CCIRS, the notional amount refers to the contractual value in euros, for IRS in a currency other than the euro, the value is indicated at the market exchange rate.

Type	Hedged risk	Notional amount at 12/31/2023	Notional amount at 12/31/2022	Mark to Market Spot (*) (Clean Price) at 12/31/2023 (million euros)	Mark to Market Spot (*) (Clean Price) at 12/31/2022 (million euros)
Interest rate swaps	Interest rate risk		300	—	
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	—	—	—	—
Total Fair Value Hedge Derivatives		**—**	**300**	**—**	**—**
Interest rate swaps	Interest rate risk	1,760	2,182	(259)	(144)
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	2,344	2,673	(89)	124
Total Cash Flow Hedge Derivatives		**4,104**	**4,855**	**(348)**	**(20)**
Total Non-Hedge Accounting Derivatives		**500**	**1,599**	**(16)**	**(41)**
Total TIM derivatives		**4,604**	**6,754**	**(364)**	**(61)**

(*) Spot Mark-to-market above represents the market measurement of the derivative net of the accrued portion of the flow in progress.

The positions in non-hedge accounting derivatives also include IRS Euros for a total notional amount of 400 million euros; specifically, these are fair value hedges of bond loans in euros, issued by TIM discontinued in 2021. In this same item, the following are also noted:

the value - equal to a fair value of 15 million euros (liabilities) - of the rights envisaged in the Transaction Agreement in the favor of Teemo Bidco Sarl, as minority shareholder, under the scope of the FiberCop transaction.

Fair value hedges (million euros)	**Accounting item**		**Notional value**	**Carrying amount**	**Change in fair value for the year**
Interest rate swaps	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets	a)	**—**	**—**	**—**
Assets				—	
Liabilities				—	
Cross Currency and Interest Rate Swaps (CCIRS)	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets	b)	**—**	**—**	**—**
Assets				—	
Liabilities				—	
Derivative instruments (spot value)		a)+b)	**—**	**—**	**—**
Accruals					
Derivative instruments (gross value)					
Underlying instruments (1)	Bonds - Current/non-current liabilities				
of which fair value adjustment	Fair value adjustment and measurements at amortized cost	c)	—	—	—
Ineffectiveness		a)+b)+c)	—	—	—
Fair value adjustment for hedging settled in advance (2)				(55)	

(1) Includes the amortized cost value of bonds currently hedged plus the fair value adjustment.

(2) Referred to bonds no longer hedged, which are therefore not presented in the table.

Cash flow hedges (million euros)	**Accounting item**		**Notional value**	**Carrying amount**	**Change in fair value**	**Change in cumulative fair value**
Interest rate swaps	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets	a)	**1,760**	**(259)**	**(115)**	
Assets				—	(10)	
Liabilities				(259)	(105)	
Cross Currency and Interest Rate Swaps (CCIRS)	Hedging derivatives relating to hedged items classified as current financial assets/liabilities - Current/non-current assets	b)	**2,344**	**(89)**	**(213)**	
Assets				94	(241)	
Liabilities				(183)	28	
Derivative instruments (spot value)		**a)+b)**	**4,104**	**(348)**	**(328)**	
Accruals				57		
Derivative instruments (gross value)				**(291)**		
of which equity reserve gains and losses					(151)	
Determination of ineffectiveness						
Change in derivatives		c)				(249)
Underlying instruments [(4)]		d)				249
Ineffectiveness [(5)]	Positive fair value adjustment of financial derivatives - non-hedging	c)+d)				(6)
Equity reserve						
Equity reserve balance				(430)		
of which due to the fair value of hedging settled in advance				21		
Reclassification to P&L	Negative reversal of the reserve for the fair value adjustment of hedging derivatives (cash flow hedges)				(1)	

(4) Hypothetical derivatives used in measuring the effectiveness of cash flow hedges.
(5) The ineffectiveness, due to its nature and calculation, does not necessarily coincide with the difference in cumulative changes in the fair value of derivatives and the underlying instrument; the effect due to the adoption of CVA/DVA is not considered.

The transactions hedged by cash flow hedges will generate cash flows and produce economic effects in the income statement in the periods indicated in the following table:

Denomination currency	**Notional amount in denomination currency** (millions)	**Start of period**	**End of period**	**Rate applied**	**Interest period**	**Hedging of notional amount in euro** (millions)	**Hedging of rate in euro**
YEN	20,000	Jan-24	Oct-29	[(a)] JPY Libor 6m + 0.94625%	Semiannually	174	5.940%
USD	1,000	Jan-24	Nov-33	3 month USD Libor + 0.756% [(a)]	Quarterly	849	5.994%
USD	1,500	Jan-24	May-24	5.303%	Semiannually	1,321	4.180%
EUR	794	Jan-24	Sept-34	6-month Euribor + 0.8787%	Semiannually	794	4.332%
EUR	791	Jan-24	July-36	6-month Euribor + 1.45969%	Semiannually	791	5.884%

[(a)] Following the reform of the Interbank Offered Rate (IBOR), the floating rate parameters were replaced by the Tonar JPY rate (1/1/2022) and the Sofr USD rate (30/6/2023), respectively, according to the requirements of the fallback clauses published by the ISDA.

For hedge accounting purposes, the Volatility Risk Reduction (VRR) Test was chosen to test the retrospective and prospective effectiveness of all hedges.This test assesses the ratio between the portfolio risk (meaning the derivative and the item hedged) and the risk of the hedged item taken individually. In essence, the portfolio risk must be significantly lower than the risk of the hedged item.

NOTE 18

SUPPLEMENTARY DISCLOSURES ON FINANCIAL INSTRUMENTS

Measurement at fair value

For the purposes of the comparative information between the carrying amounts and fair value of financial instruments, required by IFRS 7, the majority of the non-current financial liabilities of TIM consist of bonds, whose fair value is directly observable in the financial markets, as they are financial instruments that due to their size and diffusion among investors, are commonly traded on the relevant markets (see the Note "Non-current and current financial liabilities"). For other types of financing, however, the following assumptions have been made in determining fair value:

- for variable-rate loans, the nominal repayment amount has been assumed; for fixed-rate loans:
- for fixed-rate loans, the present value of future cash flows at the market interest rates of December 31, 2023 has been assumed;

Lastly, for the majority of financial assets, their carrying amount is a reasonable approximation of their fair value, since these are short-term investments that are readily convertible into cash.

The fair value measurement of the financial instruments of TIM is classified according to the three levels set out in IFRS 7.In particular, the fair value hierarchy introduces the following levels of input:

- Level 1: quoted prices in active markets;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The following tables contain, for assets and liabilities at December 31, 2023 and December 31, 2022 and in accordance with the categories established by IFRS 9, the supplementary disclosures on financial instruments required by IFRS 7 and the schedules of gains and losses.

Key for IFRS 9 categories

	Acronym
Financial assets measured at:	
Amortized cost	AC
Fair Value Through Other Comprehensive Income	FVTOCI
Fair Value Through Profit or Loss	FVTPL
Financial liabilities measured at:	
Amortized cost	AC
Fair Value Through Profit or Loss	FVTPL
Hedge Derivatives	HD
Not applicable	n.a.

Carrying amount and fair value hierarchy for each category/class of financial asset/liability and comparison with their fair value at 12/31/2023

(million euros)	Categories IFRS 9	notes	Carrying amount at 12.31.2023	Amounts recognized in financial statements			Levels of hierarchy of fair value			Carrying amount under IFRS 16	Fair Value at 12/31/2023
				Amortized cost	Fair Value through other comprehensive income	Fair Value through profit or loss	Level 1	Level 2	Level 3		
ASSETS											
Financial assets measured at amortized cost	AC		**7,583**	**7,583**	**—**	**—**					**7,583**
Non-current assets											
Receivables from employees		8)	*29*	*29*							
Other financial receivables		8)	*3,058*	*3,058*							
Miscellaneous receivables from others (non-current)		9)	*12*	*12*							
Current assets											
Receivables from employees		8)	*22*	*22*							
Other short-term financial receivables		8)	*871*	*871*							
Cash and cash equivalents		8)	*598*	*598*							
Trade receivables		12)	*2,907*	*2,907*							
Miscellaneous receivables from others (current)		12)	*55*	*55*							
Contract assets		12)	*31*	*31*							
Financial assets measured at fair value through other comprehensive income	FVTOCI		**36**	**—**	**36**	**—**					**36**
Non-current assets											
Other investments		7)	*36*		*36*			*24*	*12*		
Securities other than investments		8)									
Current assets											
Trade receivables		12)	*—*								
Securities other than investments		8)	*—*		*—*		*—*				
Financial assets measured at fair value through profit or loss	FVTPL		**799**	**—**	**—**	**799**					**799**
Non-current assets											
Non-hedging derivatives		8)	*726*			*726*		*726*			
Current assets											
Securities other than investments		8)									
Non-hedging derivatives		8)	*73*			*73*		*73*			
Hedge Derivatives	HD		**139**	**—**	**139**	**—**					**139**
Non-current assets											
Hedge Derivatives		8)	*73*		*73*	*—*		*73*			
Current assets											
Hedge Derivatives		8)	*66*		*66*	*—*		*66*			
Financial receivables for lease contracts	n.a.		**74**	**—**	**—**	**—**				**74**	**74**
Non-current assets		8)	*6*							*6*	
Current assets		8)	*68*							*68*	
Total			**8,631**	**7,583**	**175**	**799**	**—**	**962**	**12**	**74**	**8,631**

The financial instruments belonging to hierarchy level 3 of fair value are represented by the following Other investments recognized as Non-current assets, for which directly or indirectly observable prices on the market are not available: Banca UBAE, Istituto Europeo di Oncologia, Istituto Enciclopedia Italiana G. Treccani and other minor companies. These equity investments were measured on the basis of an analysis, deemed reliable, of their significant assets and liabilities.

In 2023, the fair value measurement of level 3 financial instruments resulted in a total impairment loss of 1 million euros, recorded through other comprehensive income.

The profit/(loss) resulting from the fair value adjustment of financial assets were recognized within the scope of the Reserve for financial assets measured at fair value through other comprehensive income.

(millions of euros)	Categories IFRS 9	notes	Carrying amount at 12.31.2023	Amounts recognized in financial statements			Levels of hierarchy of fair value			Carrying amount under IFRS 16	Fair Value at 12/31/2023
				Amortized cost	Fair value	Fair Value through profit or loss	Level 1	Level 2	Level 3		
LIABILITIES											
Financial liabilities measured at amortized cost	AC/HD		**27,627**	**27,627**							**27,579**
Non-current liabilities											
Non-current financial payables and other liabilities		14)	*16,955*	*16,955*							
Current liabilities											
Current financial payables and other liabilities		14)	*5,872*	*5,872*							
Trade and miscellaneous payables and other current liabilities		22)	*4,699*	*4,699*							
Contract liabilities		22)	*101*	*101*							
Financial liabilities measured at fair value through profit or loss	FVTPL		**820**			**820**					**820**
Non-current liabilities											
Non-hedging derivatives		14)	*741*			*741*		*726*	*15*		
Current liabilities											
Non-hedging derivatives		14)	*79*			*79*		*79*			
Hedge Derivatives	HD		**430**		**430**	**—**					**430**
Non-current liabilities											
Hedge Derivatives		14)	*398*		*398*			*398*			
Current liabilities											
Hedge Derivatives		14)	*32*		*32*			*32*			
Liabilities for lease contracts	n.a.		**3,177**							**3,177**	**3,188**
Non-current liabilities		14)	*2,710*							*2,710*	
Current liabilities		14)	*467*							*467*	
Total			**32,054**	**27,627**	**430**	**820**	**—**	**1,235**	**15**	**3,177**	**32,017**

Note that financial liabilities include a financial instrument for an amount of 15 million euros, belonging to hierarchy level 3 of fair value, for which directly or indirectly observable prices on the market are not available. This financial liability refers to the rights envisaged in the Transaction Agreement in the favor of Teemo Bidco Sarl, as minority shareholder, under the scope of the FiberCop transaction.

The measurement of the economic value of the financial liability has been taken using a valuation model defined internally by TIM. Through an econometric approach, the correlation has been first estimated between the targets set at a national level and a series of macro economic and social-demographic variables. Then taking into account the uncertainty as to how these variables will evolve and the market share of FiberCop, through Monte Carlo simulation, a series of possible developments of the phenomenon was calculated and the expected value of the financial liability, determined.

Carrying amount and fair value hierarchy for each category/class of financial asset/liability and comparison with their fair value at 12/31/2022

(million euros)	Categories IFRS 9	notes	Carrying amount in financial statements at 12/31/2022	Amounts recognized in financial statements: Amortized cost	Fair Value through profit comprehensive income	Fair Value through profit or loss	Levels of hierarchy of fair value: Level 1	Level 2	Level 3	Carrying amount under IFRS 16	Fair Value at 12/31/2022
ASSETS											
Financial assets measured at amortized cost	AC		**6,908**	**6,908**	**—**	**—**					**6,908**
Non-current assets											
Receivables from employees		8)	*36*	*36*							
Other financial receivables		8)	*2,237*	*2,237*							
Miscellaneous receivables from others (non-current)		9)	*11*	*11*							
Current assets											
Receivables from employees		8)	*19*	*19*							
Other short-term financial receivables		8)	*358*	*358*							
Cash and cash equivalents		8)	*1,375*	*1,375*							
Trade receivables		12)	*2,776*	*2,776*							
Miscellaneous receivables from others (current)		12)	*82*	*82*							
Contract assets		12)	*14*	*14*							
Financial assets measured at fair value through other comprehensive income	FVTOCI		**33**	**—**	**33**	**—**					**33**
Non-current assets											
Other investments		7)	*33*		*33*		—	*20*	*13*		
Securities other than investments		8)									
Current assets											
Trade receivables		12)	—		—						
Securities other than investments		8)	—		—		—				
Financial assets measured at fair value through profit or loss	FVTPL		**884**	**—**	**—**	**884**					**884**
Non-current assets											
Non-hedging derivatives		8)	*825*			*825*		*825*			
Current assets											
Securities other than investments		8)									
Non-hedging derivatives		8)	*59*			*59*		*59*			
Hedge Derivatives	HD		**427**	**—**	**426**	**1**					**427**
Non-current assets											
Hedge Derivatives		8)	*396*		*396*	—		*396*			
Current assets											
Hedge Derivatives		8)	*31*		*30*	*1*		*31*			
Financial receivables for lease contracts	n.a.		**53**	**—**	**—**	**—**				**53**	**53**
Non-current assets		8)	*8*							*8*	
Current assets		8)	*45*							*45*	
Total			**8,305**	**6,908**	**459**	**885**	**—**	**1,331**	**13**	**53**	**8,305**

(millions of euros)	Categories IFRS 9	notes	Carrying amount in financial statements at 12/31/2022	Amounts recognized in financial statements			Levels of hierarchy of fair value			Carrying amount under IFRS 16	Fair Value at 12/31/2022
				Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Level 1	Level 2	Level 3		
LIABILITIES											
Financial liabilities measured at amortized cost	AC/HD		**27,804**	**27,804**							**26,270**
Non-current liabilities											
Non-current financial payables		14)	*17,686*	*17,686*							
Current liabilities											
Current financial payables		14)	*5,436*	*5,436*							
Trade and miscellaneous payables and other current liabilities		22)	*4,553*	*4,553*							
Contract liabilities		22)	*129*	*129*							
Financial liabilities measured at fair value through profit or loss	FVTPL		**936**			**936**					**936**
Non-current liabilities											
Non-hedging derivatives		14)	*859*			*859*		*844*	*15*		
Current liabilities											
Non-hedging derivatives		14)	*77*			*77*		*77*			
Hedge Derivatives	HD		**411**		**411**	**—**					**411**
Non-current liabilities											
Hedge Derivatives		14)	*234*		*234*			*234*			
Current liabilities											
Hedge Derivatives		14)	*177*		*177*			*177*			
Liabilities for lease contracts	n.a.		**3,059**							**3,059**	**3,059**
Non-current liabilities		14)	*2,600*							*2,600*	
Current liabilities		14)	*459*							*459*	
Total			**32,210**	**27,804**	**411**	**936**	**—**	**1,332**	**15**	**3,059**	**30,676**

Gains and losses by IFRS 9 categories - Year 2023

(million euros)	IFRS 9 categories	Net gains/(losses) 2023	of which interest
Assets measured at amortized cost	AC	7	191
Assets and liabilities measured at fair value through profit or loss	FVTPL	(13)	—
Assets and liabilities measured at fair value through other comprehensive income	FVTOCI	2	—
Financial Liabilities at Amortized Cost	AC	(1,152)	(1,070)
Total		**(1,156)**	**(879)**

Gains and losses by IFRS 9 categories - Year 2022

(million euros)	IFRS 9 categories	Net gains/(losses) 2022	of which interest
Assets measured at amortized cost	AC	(51)	90
Assets and liabilities measured at fair value through profit or loss	FVTPL	(93)	—
Assets and liabilities measured at fair value through other comprehensive income	FVTOCI	2	—
Financial Liabilities at Amortized Cost	AC	(803)	(711)
Total		**(945)**	**(621)**

NOTE 19
EMPLOYEE BENEFITS

The item decreased by 258 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2021	Increase/ Discounting	Decrease	12.31.2022
Provision for employee severance indemnities	**641**	(57)	(59)	**525**
Provision for termination benefit incentives and corporate restructuring	**—**	206	—	**206**
Total	**641**	**149**	**(59)**	**731**
of which:				
non-current portion	*641*			*631*
current portion (*)	*—*			*100*

(*) The current portion refers to the Provision for termination benefit incentives and corporate restructuring.

(million euros)	12.31.2022	Increase/ Discounting	Decrease	12.31.2023
Provision for employee severance indemnities	**525**	25	(78)	**472**
Provision for termination benefit incentives and corporate restructuring	**206**	8	(213)	**1**
Total	**731**	**33**	**(291)**	**473**
of which:				
non-current portion	*631*			*472*
current portion (*)	*100*			*1*

(*) The current portion refers to the Provision for termination benefit incentives and corporate restructuring.

The **Provision for employee severance indemnities** is down 53 million euros on December 31, 2022. The decreases of 78 million euros relating to indemnities paid during the year to employees who terminated employment or for advances.

"Increases/ Present value" of 25 million euros breaks down as follows:

(million euros)	2023	2022
(Positive)/negative effect of curtailment	—	—
Finance expenses	17	11
Net actuarial (gains) losses recognized during the year	8	(68)
Total expenses (income)	**25**	**(57)**
Effective return on plan assets	there are no assets servicing the plan	

The net actuarial losses recognized at December 31, 2023 amounted to 8 million euros (net actuarial gains of 68 million euros in 2022), and are essentially connected with both staff turnover and changes to the technical-economic parameters: The inflation rate rose from 2.30% on December 31, 2022 to 2.00% on December 31, 2023, while the discount rate decreased from the 3.63% rate used on December 31, 2022 to 3.08% on December 31, 2023.

According to Italian law, the amount to which each employee is entitled depends on the period of service and must be paid when the employee leaves the company. The amount of severance indemnity due upon termination of employment is calculated on the basis of the period of employment and the taxable compensation of each employee. This liability is adjusted annually based on the official cost-of-living index and legally-set interest. The liability is not associated with any vesting condition or period or any funding obligation; accordingly, there are no assets servicing the provision. The liability is recognized net of the partial prepayments of the provision and payments of the amounts obtained by employees for the reasons permitted by the applicable regulations.

In accordance with IAS 19, this provision has been recognized as a “Defined benefit plan”, for the amounts due up to December 31, 2023.

Under the regulations introduced by Italian Legislative Decree 252/2005 and Law 296/2006 (the State Budget Law 2007), the severance indemnities accruing from 2008 are assigned to either the INPS Treasury Fund or to supplementary pension funds and take the form of a "Defined contribution plan". However, revaluations of the provision for the employee severance indemnities at December 31, 2006, made on the basis of the official cost-of-living index and legally-prescribed interest, are retained in the provision for employee severance indemnities.

In application of IAS 19, the employee severance indemnities have been calculated using the "Projected Unit Credit Method" according to which:

- the future possible benefits which could be paid to each employee registered in the program in the event of retirement, death, disability, resignation etc. have been projected on the basis of a series of financial assumptions (cost-of-living increases, interest rate, increase in compensation etc.);
- the average present value of future benefits has been calculated, at the measurement date, on the basis of the annual interest rate adopted and of the probability that each benefit actually has to be paid;
- the liability has been calculated as the average present value of future benefits that will be generated by the existing provision at the measurement date, without considering any future accruals.

The following assumptions have been made:

FINANCIAL ASSUMPTIONS	Executives	Non-executives
Inflation rate	**2.00% per annum**	**2.00% per annum**
Discount rate	**3.08% per annum**	**3.08% per annum**
Employee severance indemnities annual increase rate	**3.0% per annum**	**3.0% per annum**
Annual real wage growth:		
equal to or less than 40 years of age	1.0% per annum	1.0% per annum
over 40 but equal to or less than 55 years of age	0.5% per annum	0.5% per annum
over 55 years of age	0.0% per annum	0.0% per annum

DEMOGRAPHIC ASSUMPTIONS	Executives	Non-executives
Probability of death	RG mortality tables 48 published by Ragioneria Generale dello Stato	RG mortality tables 48 published by Ragioneria Generale dello Stato
Probability of disability	INPS tables divided by age and sex	INPS tables divided by age and sex
Probability of resignation:		
up to 40 years of age	2.00%	1.00%
From 41 to 50 years of age	2.00%	0.50%
From 51 to 59 years of age	1.00%	0.50%
From 60 to 64 years of age	None	0.50%
Aged 65 and over	None	None
Probability of retirement	100% on achievement of the AGO requirements aligned with D.L. 4/2019	
Probability of receiving at the beginning of the year an advance from the provision for severance indemnities accrued equal to 70%	1.5% per annum	1.5% per annum

The application of the above assumptions resulted in a liability for employee severance indemnities of 472 million euros at December 31, 2023 (525 million euros at December 31, 2022).

Reported below is a sensitivity analysis for each significant actuarial assumption adopted to calculate the liability as at year end, showing how the liability would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, stated in amounts. The weighted average duration of the obligation is 8.3 years.

CHANGES IN ASSUMPTIONS	**Amounts** (million euros)
Turnover rate:	
+ 0.25 p.p.	-
- 0.25 p.p.	-
Annual inflation rate:	
+ 0.25 p.p.	(14)
- 0.25 p.p.	13
Annual discount rate:	
+ 0.25 p.p.	17
- 0.25 p.p.	(18)

Provisions for termination benefit incentives and corporate restructuring decreased in 2023 by 205 million euros, due to staff departures and the reclassification to debt of amounts not yet paid in relation to plans already set aside in previous years.

NOTE 20
PROVISIONS

The item decreased by 108 million euros compared to December 31, 2022. The breakdown and movements are as follows:

(million euros)	12.31.2022	Increase	Taken to income	Used directly	Reclassifications/ other changes	12.31.2023
Provision for taxation and tax risks	**1**					**1**
Provision for restoration costs	**150**	14	—	(3)	(3)	**158**
Provision for legal disputes	**324**	31	—	(33)	6	**328**
Provision for commercial risks	**376**	53	(12)	(173)	5	**249**
Provision for risks and charges on investments and corporate-related transactions	**26**	12			(2)	**36**
Other provisions	**10**	—	—	(3)	—	**7**
Total	**887**	**110**	**(12)**	**(212)**	**6**	**779**
of which:						
non-current portion	**517**					**254**
current portion	**370**					**525**

The non-current portion of provisions for risks and charges mainly relates to the provision for restoration costs and part of the provision for legal disputes and the provision for commercial risks. More specifically, in accordance with accounting standards, the total amount of the provision for restoration costs is calculated by re-measuring the amounts for which a probable outlay is envisaged, based on the estimated inflation rates for the individual due dates, and subsequently discounted to the reporting date based on the average cost of debt, taking into account cash outflow forecasts.

The **provision for taxation and tax risks** remains unchanged compared to December 31, 2022.

The **provision for restoration costs** related to the provision for restoration of leased real estate and sites used for mobile telephony and the dismantling of tangible assets (batteries, wooden poles). This increased by 8 million euros compared to December 31, 2022 as a result of provisions partially offset by utilisations and other movements.

The **provision for legal disputes** increased by 4 million euros compared to December 31, 2022, following additions and other changes partially offset by utilisations during the year. the provision includes amounts set aside for disputes with employees (49 million euros) and third-parties (279 million euros).

The **provision for commercial risks** decreased by 127 million euros on December 31, 2022, mainly in relation to the trend of the contractual risk provision for onerous contracts (IAS 37), relating to contracts with certain counterparties for offer of multimedia content and for a connectivity agreement and representative of the net present value of the negative margin connected with these partnerships. The same in 2023 recorded a 98 million euro utilization of provisions for risks recorded in fiscal years 2021 and 2022 only partially offset by the update in fiscal year 2023 of the provision for risks related to an existing multi-year relationship.

The **provision for investment and corporate transaction risks** increased by 10 million euros compared to December 31, 2022, essentially due to the addition relating to the subsidiaries Olivetti SpA Società Benefit (10 million euros) and TI Latam Particiações e Gestion Administrativa Ltda (2 million euros).

Other provisions decreased by 3 million euros compared to December 31, 2022, following utilisations for the year.

NOTE 21

MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

Miscellaneous payables and other non-current liabilities consisted of the following at December 31, 2023:

(million euros)		12.31.2023	12.31.2022
Miscellaneous payables (non-current)			
Payables to social security agencies		573	381
Payables due to subsidiaries		9	13
Other payables to third parties		1	1
	(a)	**583**	**395**
Other non-current liabilities			
Deferred revenues from customer contracts (Contract liabilities)		94	84
Other deferred revenue and income		129	149
Capital grants		242	247
	(b)	**465**	**480**
Total	**(a+b)**	**1,048**	**875**

Miscellaneous payables (non-current)

This item increased by 188 million euros compared to December 31, 2022 and mainly includes:

- **Payables to social security agencies** amounted to 573 million euros (381 million euros at December 31, 2022): related to the debt position in respect of the INPS for the application of Art. 4 of Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis of Italian Legislative Decree no. 148/2015, as per the agreements signed during the year by TIM S.p.A. with the trade unions (see the Note "Employee benefits expenses" for more details). These payables were as follows:

(million euros)	12.31.2023	12.31.2022
Non-current payables		
Due from 2 to 5 years after the end of the reporting period	517	366
Due beyond 5 years after the end of the reporting period	56	15
	573	**381**
Current payables	**280**	**234**
Total	**853**	**615**

- **Payables to subsidiaries** amounted to 9 million euros (13 million euros at December 31, 2022): this item relates to the payables due for the adoption of the consolidated tax return in Italy;
- **Other payables to third parties**, equal to 1 million euros at December 31, 2023 (1 million euros at December 31, 2022).

Other non-current liabilities

The item, amounting to 465 million euros, fell by 15 million euros compared to December 31, 2022 and consisted of:

- **Deferred revenues from contracts with customers (contract liabilities)** of 94 million euros (84 million euros at December 31, 2022): the item is reversed to the income statement according to the duration of the contractual obligations between the parties, averaging 24 months; therefore, the balance as at December 31, 2023 will be reversed to the income statement generally by 2025. The item mainly includes:
  - deferred revenues for activation and installation fees charged on new customer contracts for 3 million euros: in this regard, it is noted that under IFRS 15 activation/installment revenues are allocated to other contract obligations and recognized throughout the period of performance of the contract, as they do not relate to separate performance obligations.
  - deferred revenues for subscription charges of access to the network of 19 million euros;
  - deferred revenues for subscription charges and rent and maintenance payments of 52 million euros;
  - deferred revenues for outsourcing charges for 18 million euros.
- **Other deferred revenues and income**, amounting to 129 million euros (149 million euros at December 31, 2022): these refer to contract liabilities deriving from contracts for the sale of transmission capacity (operating asset leases).
- **Capital grants** of 242 million euros (247 million euros at December 31, 2022): the item represents the component still to be released to the income statement based on the useful life (estimated at around 18 years) of the assets that the grants refer to and is mainly connected to the realization of the infrastructures on the Ultrabroadband-UBB and Broadband-BB projects.

NOTE 22

TRADE AND MISCELLANEOUS PAYABLES AND OTHER CURRENT LIABILITIES

Trade and miscellaneous payables and other current liabilities at December 31, 2023 consisted of the following:

(million euros)		12.31.2023	*of which Financial Instruments*	12.31.2022	*of which Financial Instruments*
Trade payables					
Payables due to suppliers		3,620	*3,620*	3,431	*3,431*
Payables to other telecommunications operators		281	*281*	256	*256*
Payables due to subsidiaries		713	*713*	705	*705*
Payables to associates and joint ventures		15	*15*	22	*22*
Payables to other subsidiaries		26	*26*	36	*36*
	(a)	**4,655**	***4,655***	**4,450**	***4,450***
Miscellaneous payables					
Payables due to subsidiaries		92		72	
Payables to associates and joint ventures		—		—	
Payables to other related parties		20		21	
Tax payables		71		101	
Payables to social security agencies		360		298	
Payables for employee compensation		232		169	
Other		993	*44*	146	*103*
Employee benefits (except for employee severance indemnities) for the current portion expected to be settled within 1 year		1		100	
Provisions for employee benefits (except for employee severance indemnities) for the current portion expected to be settled within 12 months		525		370	
	(b)	**2,294**	***44***	**1,277**	***103***
Other current liabilities					
Liabilities from customer contracts (Contract liabilities)		780	*101*	797	*129*
Other deferred revenue and income		21		24	
Other		35		30	
	(c)	**836**	***101***	**851**	***129***
Total	**(a+b+c)**	**7,785**	***4,800***	**6,578**	***4,682***

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

Trade payables

This item increased by 205 million euros compared to December 31, 2022, mainly as a result of the change in bills payable.

In particular, we report:

- trade payables to subsidiaries that amounted to 713 million euros: these mainly relate to amounts due to FiberCop (335 million euros), Noovle S.p.A. Società Benefit (121 million euros), Telenergia (85 million euros), Telecom Italia Sparkle (53 million euros) for telecommunications services, Telsy (42 million euros), TIM Retail (28 million euros), Olivetti S.p.A. Società Benefit (25 million euros), Telecom Italia Trust Technologies (12 million euros) and Telecontact (10 million euros) for supply contracts;
- trade payables to associates that amounted to 15 million euros: relate to debt positions mainly due from the Italtel Group (7 million euros) and TIMFin (5 million euros);
- trade payables to other related parties that amounted to 26 million euros: relate mainly to amounts due to the Havas group.

Miscellaneous payables

amounted to 2,294 million euros and increased by 1,017 million euros compared to December 31, 2022; they mainly comprise:

- tax payables, amounting to 71 million euros: these mainly refer to withholding tax payable to the tax authorities as withholding agent (63 million euros) and government concession tax payable (2 million euros);
- payables to social security agencies amounted to 360 million euros: these include the short-term portion (280 million) of the payable due to the INPS for the application of Art. 4 of Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis of Italian Legislative Decree no. 148/2015, as per the agreements signed by TIM S.p.A. with the trade unions, as specified in the note "Miscellaneous payables and other non-current liabilities";
- payables to subsidiaries of 92 million euros: tgese include 16 million euros for tax consolidation (mainly to Noovle S.p.A. Società Benefit, Telecom Italia Sparkle S.p.A., TIM Retail S.r.l. and Olivetti S.p.A. Società Benefit) and other operating payables of 76 million euros, mainly to Fibercop S.p.A. (33 million euros), Noovle S.p.A. Società Benefit (19 million euros), Telsy S.p.A. (9 million euros), Telenergia S.p.A. (6 million euros), Telecom Italia Sparkle S.p.A. (5 million euros);
- the current portion of employee benefits and provisions amounted to 526 million euros;
- advances on government grants in connection with NRRP projects amounting to 758 million euros (included under Other). For further details, see Note 15 "Net financial debt".

Other current liabilities

These amount to 836 million euros and mainly include:

- **The liability arising from contracts with customers (contract liabilities),** amounting to 780 million euros (797 million euros at December 31, 2022): The item shows the liabilities from customers linked to the Company's obligations to transfer goods and services for which received a price. Liabilities with customers, generally with a maturity of up to 12 months, are shown below; In particular:
  - ***Contract Liabilities*** amounting to 3 million euros (6 million euros at December 31, 2022); the item includes bundle contracts (good and services packages) with performance obligations with different timing for the recognition of revenues and consequent deferral of the fees originally recognized. The decrease recognized - of -3 million euros - was mainly linked to the presence of commercial offers that no longer require a fixed duration and the reversal to the income statement of the balance previously accumulated;
  - **Customer-related items** of 369 million euros (397 million euros at December 31, 2022): the item includes trade payables following contractual relationships, such as the payable for prepaid traffic and the subscription charges charged in advance;
  - **Advance receipts and payments** amounting to 47 million euros (53 million euros at December 31, 2022): the item includes trade payables following prepayments, such as deposits made by subscribers for phone calls;
  - **Deferred revenues from contracts with customers** of 361 million euros (341 million euros at December 31, 2022): the item refers to the deferral of revenues from customers contracts and mainly includes:
    - deferred revenues on activation and installation of new contracts with customers (4 million euros);
    - deferred revenues for interconnection charges (111 million euros);
    - deferred revenues for rent and maintenance (194 million euros).
    - deferred revenues for subscription charges (46 million euros).
- **Other deferred revenues and income**, amounting to 21 million euros (24 million euros at December 31, 2022): these refer for 20 million euros to contract liabilities deriving from contracts for the sale of transmission capacity.
- **Other** amounted to 35 million euros (30 million euros at December 31, 2022): this relates to payables for advances on work in progress on networks.

NOTE 23

DISPUTES AND PENDING LEGAL ACTIONS, OTHER INFORMATION, COMMITMENTS AND GUARANTEES

A description is provided below of the most significant judicial, arbitration and tax disputes in which TIM S.p.A. was involved at December 31, 2023, as well as those that came to an end during the year.

The Company has posted liabilities totaling 366 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 Annual Financial Report 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 the proceedings with the Antitrust Authority, please note that based on Article 15, subsection 1 of Italian Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative sanction calculated on the turnover of the Company in cases of breaches considered serious.

(a) Significant disputes and pending legal actions

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). The guarantee bond was subsequently renewed up to November 30, 2024.

On September 13, 2023, TIM was notified that more than five years had elapsed since the appeal was filed, in accordance with Article 82 of the Code of Civil Procedure. TIM therefore requested that a public hearing be held to discuss the appeal. The public hearing was scheduled for January 10, 2024. Following the hearing, by way of order 709 of January 15, 2024, the Regional Administrative Court upheld the suspension of the proceedings, as previously dictated by non-final judgment 6310 of May 23, 2019, and upheld the suspension of the enforcement of the measure under the conditions dictated by that ruling, all of which pending the final judgment in the (injurious) case which remains pending before the President of the Republic regarding the duty to notify in accordance with the Golden Power provisions.

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 (the Italian Competition Authority) 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 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) recognizes, furthermore, that TIM's behavior subsequently to the 2013 proceedings has 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) to 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) filed an appeal the regional administrative court’s ruling before the Council of State.

Colt Technology Services - A428

With writ of summons before the Milan Court served in August 2015, the operator Colt Technology Services filed a damages claim based on the A428 decision, requesting compensation for alleged damages suffered from 2009 to 2011 as a result of purportedly inefficient and discriminatory conduct by TIM in the wholesale service supply process. The damage claimed was quantified as 27 million euros in loss of profits for the alleged non-acquisition of new customers, or for the alleged impossibility of supplying new services to the customers it had already acquired; the other party also formulated a request for compensation for the damages to its image and commercial reputation. This case follows the extrajudicial claim for approximately 23 million euros, previously advanced by Colt in June 2015, which the Company rejected in its entirety. TIM filed an appearance, contesting all of the plaintiff’s allegations. In a judgment of February 21, 2024, the Court of Milan rejected in its entirety Colt's claim for damages in the amount of 27 million euros.

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 damages claim. 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 meeting in Council Chamber took place on June 13, 2023. By interlocutory order of July 19, 2023, the Court reinstated the case to the case register. The date of the public hearing has not yet been set.

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 AGCM (the Italian Competition Authority) procedure A428. 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 hearing to examine the court-appointed expert, originally scheduled for October 18, 2023, has been postponed to February 7, 2024. Following a request from the court-appointed expert to extend the deadline for filing the final report, the Judge once again postponed the hearing to examine the court-appointed expert to May 22, 2024.

Antitrust Case A514

In June 2017 AGCM (the Italian Competition Authority) 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 concerns 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 was scheduled for May 25, 2023. At the end of the hearing, the Council of State ordered a report from a court-appointed expert on three issues regarding the profitability of the investment in "white areas" with low population density. On October 11, 2023, the court-appointed experts were sworn-in in the Council of State and requested an extension to the completion deadlines. Under the new deadlines granted by the Council of State, the expert report should be filed by May 2024.

The case is set for a public hearing on May 16, 2024.

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 then quantified the damages allegedly suffered as approximately 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 the hearing for delivery of the verdict until April 3, 2024.

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 hearing for the taking of evidence was set for October 5, 2023. The Judge, having taken note of Irideos' request to defer the hearing and motivated by the judgment pending in case A514 before the Council of State, deferred the hearing of the parties until 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 complainants 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 customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling 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 in the 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. At the hearing on February 16, 2023, at the request of the applicants, it was ordered that the case would be heard in open court, the date of which has not yet been set.

28-day billing

AGCom resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, 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 ruling 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 EU Court of Justice published its decision concluding that the Italian legislation granting AGCom the power to impose a monthly or multi-monthly billing requirement on fixed and convergent telephone service operators for the renewal and invoicing of such offers, is not contrary to EU law. When proceedings resumed before the

Council of State in December 2023, TIM requested that its appeal be ruled inadmissible due to a lack of interest. On January 18, 2024, the State Council declared the right to be extinguished.

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 deferment 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 appealed the judgment to the Council of State.

In judgment 39 of January 2, 2024, the Council of State rejected TIM's main appeal, in keeping with its prior rulings in the appeals brought by the other operators, and upheld the legitimacy of the measures adopted by AGCom. In the same decision, the administrative court of appeal also rejected AGCom's counter-appeal aimed at reinstating the 1,160,000 euro sanction that had originally been imposed on TIM and was later annulled by the Lazio Regional Administrative Court.

In August 2019, AGCom initiated a new sanctions procedure (CONT 12/19/DTC) for failing to comply with the order to refund fixed and converged network customers for the days eroded by 28-day billing, through the procedures established in resolutions 112/18/CONS and 269/18/CONS. At the end of this procedure, the Authority found in Resolution 75/20/CONS that TIM had failed to comply with these resolutions and imposed a fine of 3 million euros. In July 2020, TIM appealed the decision before the Regional Administrative Court. We are waiting for a date to be fixed for the discussion hearing.

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 a 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. By order published on February 15, 2024, the Court of Cassation rejected TIM's appeal.

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 TAR 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 TIM, 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 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.

On July 25, 2023, the Council of State reformed the decision of the Lazio Regional Administrative Court, upholding the validity of AGCM ((the Italian Competition Authority) measure in case I820 and referring to the Authority to redetermine the sanction in view of the reduced duration of the infringement.

In view of the rulings of the Council of State on the *quantum* of the sanction, TIM – in a petition dated August 28, 2023 – asked the AGCM (the Italian Competition Authority) for the redetermination of the sanction to take place in full adversarial proceedings between the parties as part of a special investigation procedure.

In its order of September 26, 2023, served on the Company on October 3, 2023, the AGCM (the Italian Competition Authority) informed TIM that it had quantified the fine at 100,670,526.00 euros, holding that it had no margins for discretion in executing the judgment of the Council of State. On October 12, 2023, TIM filed an appeal to overturn the judgment of the Council of State and, on October 13, 2023, filed an appeal before the Lazio Regional Administrative Court to annul the measure redetermining the sanction; TIM also requested the suspension of the measure as a precautionary measure, which was rejected by order of November 9, 2023. For both judgments a hearing on the merits has yet to be set.

In a communication dated December 6, 2023, the Authority urged TIM to pay the penalty of 100,670,526.00 euros plus legal interest accrued from November 3, 2023 until the day of actual payment amounting to 5,535,913.60 euros. In a communication dated December 12, 2023, TIM contested the dueness of such interest due to the absence of the prerequisites of liquidity and collectability required by Article 1282 of the Italian Civil Code, as well as an error in the identification of the dies a quo for the calculation. The Authority's Budget Office responded on February 2, 2024, acknowledging an error in the calculation of legal interest, which was therefore restated to the amount of 4,121,837.47 euros, but reiterating that the same is due. TIM decided to appeal to the Lazio Regional Administrative Court against the Budget Office's notice to challenge both the error in calculating the interest due and a defect in the Budget Office's competence.

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 (the Italian Competition Authority) 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.

On January 30, 2024, TIM sent AGCM (the Italian Competition Authority) the required annual report on the implementation of the undertakings given.

By petition notified in April 2022, Open Fiber challenged the above AGCM (the Italian Competition Authority) 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 of April 14, 2023, the Regional Administrative Court rejected as unfounded the appeal of Open Fiber, which on July 10, 2023, appealed the Regional Administrative Court's judgment to the Council of State.

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 content 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 (the Italian Competition Authority) 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, 2022.

On February 23, 2022, TIM and DAZN were convened separately to the AGCM (the Italian Competition Authority) 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, 2022.

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, 2022.

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, 2022.

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 statement of defence March 28, 2023, and the final hearing with the Authority was held on April 4, 2023.

On April 18, 2023, AGCM (the Italian Competition Authority) decided to again extend the deadline for the conclusion of the proceedings to June 30, 2023, due to the complexity of the defence put forward by the Parties in their pleadings.

On June 28, 2023, AGCM (the Italian Competition Authority) ruled that the conduct of TIM and DAZN constitutes an agreement restricting competition in breach of Article 101 TFEU.

Yet the arrangement – in particular regarding exclusivity – only lasted for approximately one month and its potentially restrictive effects on competition were neutralized by the Authority's timely initiation of the investigation procedure on July 6, 2021.

Indeed, the precautionary sub-proceedings instigated at the start of the first football season of the three-year period 2021-2024 actually prevented the effects of the arrangement from occurring, as at the beginning of August 2021 TIM and DAZN discontinued the application of the disputed contractual clauses through their own voluntary action. The original agreement was then replaced by a new contract, entered into in August 2022, in which any exclusivity was completely eliminated, thus rooting out the antitrust concerns about exclusivity of distribution.

Consequently, and in light of the mitigating circumstances recognised, AGCM (the Italian Competition Authority) imposed a fine of 760,776.82 euros on TIM and a fine of 7,240,250.84 euros on DAZN.

On September 20, 2023, TIM paid the fine with reservations in view of the appeal brought by the Company with the Lazio Regional Administrative Court against the decision against it. The public hearing for the discussion of the appeal. was held on February 21, 2024 and the decision of the Regional Administrative Court is pending.

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, AGCM (the Italian Competition Authority) sent notice to TIM of the preliminary findings relating to the main proceedings in question.

AGCM (the Italian Competition Authority) noted that there was insufficient evidence or facts to confirm that TIM had abused a dominant position. As a result, AGCM (the Italian Competition Authority) did not to bring any charges against the company.

On November 28, 2023, AGCM (the Italian Competition Authority) ruled that there was insufficient evidence to establish that TIM had abused a dominant position pursuant to Article 3 of Law 287/1990.

As a result, no financial sanction was imposed on TIM.

Antitrust Case PS 12304 "Billing after withdrawal"

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 telephony.

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

On March 31, 2023, the Authority resolved to wrap up the proceedings by imposing a fine of 200,000 euros; the amount of the fine was mitigated by the remedial actions taken by TIM. Similar proceedings were 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, countermanding 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 appealed the judgment of the Regional Administrative Court with the Council of State; The hearings on the merits were set for April 4 and April 27, 2023. At the end of the hearing on April 4, 2023, the case was reserved for judgment. On April 18, 2023, the Council of Ministers issued a collegial order referring several issues to the EU Court of Justice for a preliminary ruling.

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. This appeal was declared inadmissible in judgment 3318/2023.

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 Public Administration to obtain payment of the 1998 charges and, consequently, the final balance. The company has challenged the judgment of the Lazio Regional Administrative Court to 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 rehearings.

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 was set for December 21, 2023. By order of February 29, 2024, the Supreme Court declared Poste's appeal inadmissible, putting an end to the litigation and ordering Poste to pay TIM's legal costs and the penalties provided for by Article 96, paragraphs 3 and 4 of the Code of Civil Procedure.

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 management and control 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 declared inadmissible the appeals brought by the receivers of Elinet (bankrupt) and Elitel Telecom (bankrupt), ordering both bankrupts, jointly and severally, to reimburse TIM for the costs of litigation at the instance. The matter must therefore be considered 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 Board 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 Board 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 Arbitration Court 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. On January 8, 2024, both appeal proceedings were heard before the Paris Court of Appeal. A decision is pending in both cases.

Iliad (winback)

By 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, and later to 292.8 million euros.

The proceedings ended in a judgment of September 25, 2023, which did not award Iliad any damages; TIM's counterclaim was declared inadmissible.

In its notice of appeal served on December 15, 2023, Iliad requested that the first-instance judgment be partially overturned, requesting, among other things, that TIM be ordered to pay full compensation of not less than 292.8 million euros for the pecuniary and non-pecuniary damage suffered by Iliad.

Iliad (restrictions on duration and termination costs)

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 verdict hearing has been deferred until 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 TIM 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 Offers in force *ratione temporis*; (c) therefore declare and order Fastweb to pay TIM 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 was held on December 14, 2022. The hearing for the admission of the preliminary motions has been postponed to June 13, 2023. Subsequent to the filing of the preliminary motions, Fastweb re-quantified damage allegedly suffered as a result of TIM's unlawful conduct at approximately 101.1 million euros (of which 13.2 million euros is subject to the acceptance of TIM's main claim). At the hearing of June 13, 2023, the investigating judge reserved judgment To dissolve this reservation, the G.I. ordered an expert report to be prepared by a court-appointed expert, who was to be appointed and sworn in on November 21, 2023. The public hearing for the examination of the court-appointed expert witness has been scheduled for September 17, 2024.

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 initial hearing took place on April 5, 2023, with the Judge reserving judgment on the objection as to the invalidity of the writ of summons brought by TIM. The initial hearing was deferred to October 11, 2023, following the admittance of the objection as to the invalidity of the writ of summons brought by TIM. At the hearing, the Judge set three dates for the exchange of pleadings between the parties: November 10, 2023, December 11, 2023, and January 2, 2024. The hearing for admission of evidence is scheduled for March 6, 2024.

(b) Other information

Mobile telephony - criminal proceedings

In March 2012 TIM was served notice of the conclusion of the preliminary inquiries, which showed that the Company was being investigated by the Public Prosecutor of Milan pursuant to the Legislative Decree n. 231/2001, for the offenses of handling stolen goods and counterfeiting committed, according to the alleged allegations, by fourteen employees of the so-called “ethnic channel”, with the participation of a number of dealers, for the purpose of obtaining undeserved commissions from TIM.

The Company, as the injured party damaged by such conduct, had brought two legal actions in 2008 and 2009 and had proceeded to suspend the employees involved in the criminal proceedings (suspension later followed by dismissal). It has also filed an initial statement of defense, together with a technical report by its own expert, requesting that the proceedings against it be suspended, and that charges of aggravated fraud against the Company be brought against the other defendants. In December 2012, the Public Prosecutor's Office filed a request for 89 defendants and the Company itself to be committed for trial.

During the preliminary hearing, the Company was admitted as civil party to the trial and, in November 2013, the conclusions in the interest of the civil party were filed, reaffirming TIM's total lack of involvement in the offenses claimed.

At the end of the preliminary hearing, which took place in March 2014, the Judge for the Preliminary Hearing committed for trial all the defendants (including TIM) who had not asked for their situation to be settled with alternative procedures, on the grounds that “examination in a trial” was needed. In April 2016, at the end of the first part of the trial, the Public Prosecutor asked for TIM to be sentenced to pay an administrative fine of 900 thousand euros, but decided not to ask for confiscation of any of the presumed profits of the offenses (quantified in the committal proceedings as totaling several million euros), based on the assumption that TIM had in any event remedied the presumed organizational inadequacies. While acknowledging the considerable redimensioning of the accusations, the Company has reiterated its total non-involvement in the facts at issue. In November 2016 the Court gave a verdict acquitting the Company on the grounds that there was no case to answer. All the individuals charged were also acquitted on various grounds.

The Public Prosecutor appealed the acquittal and appealed to the Court of Cassation "*per saltum*”. In January 2019, the Italian Supreme Court of Cassation agreed to the appeal and therefore ordered that the documents of the proceedings be sent to the Milan Court of Appeal.

The subsequent proceedings were concluded in October 2022: The Court of Appeal in Milan confirmed the outcome of the judgment challenged, repeating the acquittal of TIM and dismissing the requests for sentencing of the General Prosecutor's Office in regard to the Company. However, the General Prosecutor’s Office again appealed to the Court of Cassation, this time against the judgment of the Milan Court of Appeal.

In September 2023, the Court of Cassation issued a final judgment rejecting the appeal filed by the Milan General Prosecutor’s Office against the acquittal pronounced by the Court of Appeal. The Court of Cassation, in particular, found the grounds presented by the General Prosecutor's Office to be inadmissible, thus acquitting TIM of the indictment pursuant to Legislative Decree no. 231/2001 in a definitive judgment.

Dispute concerning the license fees for 1998

TIM has summoned the Prime Minister’s Office to appear in a civil suit for compensation for damages caused by the Italian State through appeal ruling 7506/09, handed down by the Council of State in breach, in the view of the Company, of 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 these analyses aimed at deciding the appeal, on January 25, 2021 the company filed a request with the Court of Appeal in Rome to bring forward the hearing (postponed as mentioned to January 25, 2022); This is to avoid the umpteenth adjournment of the case, which concerns the failure to comply with two *inter-partes* decisions rendered in the matter by the EU Court of Justice for a manifest 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 2/22/2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent onto 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 with judgment reserved. At the hearing on December 13, 2023, the Board granted the parties time to submit their closing statements and replies.

(c) Commitments and guarantees

Personal guarantees provided, totaling 5,716 million euros, refer mainly to guarantee financing provided by TIM on behalf of Subsidiaries (including 3,620 million euros for Telecom Italia Capital, 1,172 million euros for Telecom Italia Finance, 191 million euros for Telecom Italia Sparkle, 256 million euros for FiberCop, 89 million euros for Telenergia, 53 million euros for Olivetti and 125 million euros for Noovle).

Significant purchase commitments outstanding at December 31, 2023 for long-term contracts forming part of TIM S.p.A.'s business operations, totaling 6,260 million euros, mainly related to the commitments undertaken by the Company for supplies related to the operation of the telecommunications network.

The guarantees provided by third parties to Group companies, amounting to 4,277 million euros, refer for 1,956 million euros to the related to guarantees provided by banks and other financial institutions as a guarantee of the proper performance of contractual obligations and for 2,321 million euros to insurance guarantees. In particular, we report:

- the insurance guarantees mainly refer to guarantee financing by TIM in applying legal provisions for contracts of Public Administrations and similar bodies;
- TIM had bank guarantees issued in favor of Infratel over the advances of contributions under the National Recovery and Resilience Plan (NRRP) in relation to the "Italia 1GB" plans (lots 1 and 5) for a total exposure of 208 million euros (for more details, see Note 15 "Net financial debt");
- TIM had bank guarantees issued in favor of INPS in support of the application - also for some Group companies - of Article 4, paragraph 1, of Law no. 92 of June 28, 2012 and Article 41, paragraph 5bis, of Legislative Decree no. 148/2015 for the voluntary redundancy of employees meeting the requirements; the total amount of guarantees is 1,040 million euros (of which 973 million euros for TIM, 32 million euros for Telecom Italia Sparkle and 14 million euros for Olivetti).

In particular, TIM Group had bank guarantees of 90 million euros issued by MPS in favor of INPS in support of the application of Article 4 of Italian Law 92 of June 28, 2012, for the voluntary redundancy of employees meeting the requirements. At the same time, on October 25, 2023, a pledge was established over government bonds in favor of the guarantor bank – specifically, 90 million nominal BTP 07/15/2028 – which TIM had borrowed from Telecom Italia Finance S.A. on October 19, 2023. In accordance with IAS/IFRS accounting standards, the securities are recorded only in the financial statements of Telecom Italia Finance S.A., which remains the holder of the risk and benefits deriving from the position.

Furthermore, in May 2018, TIM issued a surety to the Prime Minister's Office for 74 million euros to secure an appeal to the Lazio Administration Court for a provisional stay of the administrative fine levied on TIM following the preliminary investigation connected with the penalty proceeding initiated under Article 2 of Decree Law 21 of 3/15/2012 (the "Golden Power" law).

At December 31, 2023, the intercompany credit lines granted by TIM S.p.A. to the subsidiary FiberCop S.p.A. amount to 5.55 billion euros, of which unused for an amount of about 3.4 billion euros.

The loan guarantees are described in the Note "Non-current and current financial liabilities".

NOTE 24
REVENUES

These increased by 42 million euros compared to 2022. The breakdown is as follows:

(million euros)	2023	2022
Equipment sales	1,816	1,711
Services	10,324	10,387
Total	**12,140**	**12,098**

Revenues from services are mainly represented by voice and data services on fixed and mobile networks for retail customers (7,363 million euros) and for other wholesale operators (2,107 million euros).

Revenues are presented gross of amounts due to other TLC operators (475 million euros), which are included in "Costs of services".

NOTE 25
OTHER INCOME

This fell by 18 million euros and the figure breaks down as follows:

(million euros)	2023	2022
Late payment fees charged for telephone services	22	26
Recovery of employee benefit expenses, purchases and services rendered	33	23
Capital and operating grants	39	36
Damages, penalties and recoveries connected with litigation	31	32
Estimate revisions and other adjustments	51	68
Income for special training activities	5	1
Other	46	59
Total	**227**	**245**

NOTE 26
PURCHASE OF RAW MATERIALS AND SERVICES

This item increased by 258 million euros compared to 2022. The figure breaks down as follows:

(million euros)		2023	2022
Purchase of raw materials and goods	**(a)**	**863**	**911**
Costs of services			
Revenues due to other TLC operators		475	550
Costs for telecommunications network access services		91	105
Commissions, sales commissions and other selling expenses		1,359	1,215
Advertising and promotion expenses		123	129
Professional and consulting services		111	110
Utilities		435	387
Maintenance costs		366	363
Outsourcing costs for other services		386	409
Mailing and delivery expenses for telephone bills, directories and other materials to customers		26	28
Distribution and logistics		5	7
Travel and lodging costs		7	7
Insurance		28	23
Other service expenses		2,953	2,872
	(b)	**6,365**	**6,205**
Lease and rental costs			
Rent and leases		3	3
Other lease and rental costs		629	483
	(c)	**632**	**486**
Total	**(a+b+c)**	**7,860**	**7,602**

In application of IFRS 16, leased asset costs mainly included rental fees for contracts relating to intangible assets (629 million euros, mainly for software licenses and royalties).

Specifically, Other service expenses mainly includes costs due to external companies to set up network accesses as party of the delivery agreements in place with Group companies (such as FiberCop), as well as facility and maintenance costs.

NOTE 27
EMPLOYEE BENEFITS EXPENSES

This item decreased by 201 million euros compared to 2022. The figure breaks down as follows:

(million euros)		2023	2022
Ordinary employee expenses			
Wages and salaries		1,320	1,398
Social security expenses		499	528
Employee Severance Indemnities		—	—
Other employee benefits		100	130
	(a)	**1,919**	**2,056**
Costs and provisions for agency contract work	**(b)**	**—**	**—**
Miscellaneous expenses for employees and other labor-related services rendered			
Charges for termination benefit incentives		—	204
Corporate restructuring expenses		448	313
Other		10	5
	(c)	**458**	**522**
Total	**(a+b+c)**	**2,377**	**2,578**

Ordinary employee expenses decreased by 137 million euros, mainly due to the decrease in the average salaried workforce, equal to a total of -2,329 employees on average, of which -414 employees on average deriving from the application of the Expansion Contract, "Expansion Contract" which entails a reduction of working hours of staff on the workforce.

Charges for termination benefit incentives and **Corporate restructuring expenses** totaled 448 million euros (517 million euros in 2022) and are mainly linked to the recording of period expenses for outgoing staff, envisaged according to the application of art. 4 of Law no. 92 of June 28, 2012, as per the agreements signed, during the year, with the trade unions, by TIM S.p.A..

The average salaried workforce stood at 30,135 employees at December 31, 2023 (32,464 at December 31, 2022). A breakdown by category is as follows:

(number of units)	2023	2022
Executives	393	420
Middle managers	2,839	3,113
White collars	26,903	28,931
Blue collars	—	—
Employees on payroll	**30,135**	**32,464**
Agency contract workers	—	—
Total headcount	**30,135**	**32,464**

The headcount at December 31, 2023 amounted to 32,951 employees, a decrease of 2,573 compared to December 31, 2022 (35,524).

NOTE 28
OTHER OPERATING EXPENSES

This item increased by 16 million euros compared to 2022. The figure breaks down as follows:

(million euros)	2023	2022
Write-downs and expenses in connection with credit management	111	115
Provision charges	56	118
TLC operating fees and charges	42	43
Indirect duties and taxes	48	55
Penalties, settlement compensation and administrative fines	32	24
Subscription dues and fees, donations, scholarships and traineeships	9	10
Sundry expenses	138	55
Total	**436**	**420**
of which, included in the supplementary disclosure on financial instruments	*111*	*115*

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

NOTE 29
CHANGE IN INVENTORIES

This came to a positive 8 million euros (positive 28 million euros at December 31, 2022), and was mainly attributable to a trend seeing lesser consumption on the Mobile segment, particularly during the last quarter of the year.

In 2023, write-downs of inventories amounted to around 3 million euros.

NOTE 30
INTERNALLY GENERATED ASSETS

This item amounted to 300 million euros, down by 15 million euros on 2022. These consist solely of capitalization of both tangible and intangible assets on the cost of labor, and, specifically:

- 141 million euros relating to “intangible assets with a finite useful life”, mainly relating to development of software and network solutions, applications and innovative services;
- 159 million euros relating to the “tangible assets” connected with design, construction and testing of network infrastructure and systems.

The performace can be attributed to higher capitalizations related to tangible assets of access and transport network construction (5 million euros) more than offset by lower capitalizations related to intangible assets of software development and innovative network solutions and services (-20 million euros). The lower capitalization of intangible assets is mainly a consequence of a decrease in hours worked, while the higher capitalization of tangible assets is substantially due to the increase in hours worked resulting from the start of activities related to the National Recovery and Resilience Plan ("NRRP") tenders.

NOTE 31
DEPRECIATION AND AMORTIZATION

This item decreased by 16 million euros compared to 2022 and was broken down as follows:

(million euros)		2023	2022
Amortization of intangible assets with a finite useful life			
Industrial patents and intellectual property rights		723	735
Concessions, licenses, trademarks and similar rights		322	294
Other intangible assets		1	1
	(a)	**1,046**	**1,030**
Depreciation of tangible assets owned			
Buildings (civil and industrial)		27	28
Plant and equipment		1,139	1,173
Manufacturing and distribution equipment		7	8
Other		56	61
	(b)	**1,229**	**1,270**
Amortization of rights of use assets			
Rights of use Concessions, Licenses, Trademarks and Similar Rights		1	2
Property		310	298
Plant and equipment		132	133
Other		25	26
	(c)	**468**	**459**
Total	**(a+b+c)**	**2,743**	**2,759**

For further details refer to the Notes "Intangible assets with a finite useful life", "Tangible assets" and "Rights of use assets".

NOTE 32

GAINS/(LOSSES) ON DISPOSALS OF NON-CURRENT ASSETS

This item was broken down as follows:

(million euros)		2023	2022
Gains on disposals of non-current assets			
Gains on the retirement/disposal of intangible, tangible and rights of use assets		4	37
	(a)	**4**	**37**
Losses on disposals of non-current assets			
Losses on the retirement/disposal of intangible, tangible and rights of use assets		21	13
	(b)	**21**	**13**
Total	**(a-b)**	**(17)**	**24**

NOTE 33

IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS

The item was practically nil in 2023 (and in 2022).

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's separate financial statements.

Further details are provided in the Note "Goodwill".

NOTE 34
INCOME/(EXPENSES) FROM INVESTMENTS

Details are as follows:

(million euros)	2023	2022
Dividends	1,087	113
Net gains on disposals of investments	—	313
Other income from investments	—	—
Capital losses and impairment losses on financial assets	(176)	(18)
Sundry expenses from investments	—	—
Total	**911**	**408**
of which, included in the supplementary disclosure on financial instruments	*2*	*2*

Further details on Financial Instruments are provided in the Note "Supplementary disclosures on financial instruments".

In particular, we report:

- dividends mainly related to the subsidiaries Telecom Italia Finance (988 million euros) and FiberCop (84 million euros) and the associate Daphne 3 (12 million euros). In 2022, dividends mainly related to the subsidiary Telecom Italia Finance (54 million euros) and the associate Daphne 3 (57 million euros).
- net capital gains on sales of investments were not present in 2023. In 2022, they referred to the mentioned sale of 41% of the share capital of the holding Daphne 3 to a consortium of investors led by Ardian.
- Capital losses and impairment losses on financial assets refer to:
  - 144 million euros for the write-down of the equity investments in the subsidiaries Telecom Italia Sparkle S.p.A. and Olivetti S.p.A. Società Benefit and in the associated company Italtel S.p.A.;
  - 12 million euros to the provision for charges on investee companies in connection with the subsidiaries Olivetti S.p.A. Società Benefit and TI Latam Participações e Gestão Administrativa Ltda;
  - for the remaining portion to the sale of the equity investment in the subsidiary TIM Servizi Digitali.

  In 2022, capital losses and impairment losses referred mainly to the impairment of investment in the subsidiary Tim Servizi Digitali.

NOTE 35
FINANCE INCOME AND EXPENSES

Finance income (expenses) showed a net expense of 1,194 million euros, which breaks down as follows:

(million euros)	2023	2022
Finance income	999	1,415
Finance expenses	2,193	2,408
Total net finance income (expenses)	**(1,194)**	**(993)**

The items break down as follows:

(million euros)		2023	2022
Interest expenses and other finance expenses			
Interest expenses and other costs relating to bonds		(462)	(429)
Interest expenses relating to subsidiaries		(363)	(190)
Interest expenses relating to associates		—	(1)
Interest expenses to banks		(255)	(88)
Finance expenses on lease liabilities		(146)	(126)
Interest expenses to others		(11)	(3)
		(1,237)	**(837)**
Commissions		(46)	(54)
Other finance expenses (*)		(128)	(76)
		(174)	**(130)**
Interest income and other finance income			
Interest income		8	11
Interest income from subsidiaries		17	—
Interest income from associates		—	—
Income from financial receivables, recorded in Non-current assets		2	4
Income from financial receivables from subsidiaries, recorded in Non-current assets		164	77
Income from financial receivables from associates, recorded in Non-current assets		—	—
Income from securities other than investments, recorded in Non-current assets		—	—
Income from securities other than investments, recorded in Current assets (*)		5	5
Miscellaneous finance income		24	27
		220	**124**
Total net finance interest/(expenses)	**(a)**	**(1,191)**	**(843)**
Other components of finance income and expenses:			
Net exchange gains and losses		(1)	15
Net result from derivatives		(14)	(81)
Net fair value adjustments to fair value hedge derivatives and underlying instruments		—	—
Net fair value adjustments to non-hedging derivatives		12	(84)
Total other components of finance income and expenses:	**(b)**	**(3)**	**(150)**
Total net finance income (expenses)	**(c)=(a+b)**	**(1,194)**	**(993)**
of which, included in the supplementary disclosure on financial instruments		*(1,048)*	*(832)*

(*) of which IFRS9 impact, nil on 2023 and 2022.

Further details on Financial Instruments are provided in the Note "Supplementary disclosure on financial instruments".

For greater clarity of presentation, the net effects relating to derivative financial instruments are summarized in the following table:

(million euros)		2023	2022
Foreign currency conversion gains		47	42
Exchange losses		(48)	(27)
Net exchange gains and losses		**(1)**	**15**
Income from fair value hedge derivatives		—	2
Charges from fair value hedge derivatives		—	(1)
Net result from fair value hedge derivatives	**(a)**	**—**	**1**
Positive effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		166	140
Negative effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		(154)	(209)
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**(b)**	**12**	**(69)**
Income from non-hedging derivatives		410	320
Charges from non-hedging derivatives		(436)	(333)
Net result from non-hedging derivatives	**(c)**	**(26)**	**(13)**
Net result from derivatives	**(a+b+c)**	**(14)**	**(81)**
Positive fair value adjustments to fair value hedge derivatives		—	—
Negative fair value adjustments relating to financial assets and liabilities underlying fair value hedge derivatives		—	—
Net fair value adjustments	**(d)**	**—**	**—**
Positive fair value adjustments to Underlying financial assets and liabilities of fair value hedge derivatives		—	3
Negative fair value adjustments relating to fair value hedge derivatives		—	(3)
Net fair value adjustments	**(e)**	**—**	**—**
Net fair value adjustments to fair value hedge derivatives and underlying instruments	**(d+e)**	**—**	**—**
Positive fair value adjustments to non-hedging derivatives	(f)	156	784
Negative fair value adjustments to non-hedging derivatives	(g)	(144)	(868)
Net fair value adjustments to non-hedging derivatives	**(f+g)**	**12**	**(84)**

NOTE 36
RELATED-PARTY TRANSACTIONS

The following tables show the balances relating to related-party transactions and the impact of those amounts on the separate income statement, statement of financial position and statement of cash flows of TIM S.p.A..

Pursuant to Art. 5, paragraphs 8 and 9, of Consob Regulation no. 17221 of March 12, 2010 concerning "Related-party transactions" and subsequent amendments, in the 2023 financial year there are no transactions of greater importance, as defined by the Art. 4, paragraph 1, letter. a) of the aforementioned regulation which have significantly influenced the financial situation or results of TIM S.p.A..

In addition, there were no transactions concluded in 2023 that significantly impacted the equity position or results of TIM S.p.A., nor were there any changes or developments with respect to the related-party transactions described in the 2022 Report on Operations which had a significant effect on the financial position or on the performance of TIM S.p.A. in 2023.

Related-party transactions, when not dictated by specific laws, were conducted at arm's length. They were performed in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation 17221/2010. The current procedure is available on the website gruppotim.it, under the Group - Governance - Governance Tools - Other Codes and Procedures section.

The effects of related-party transactions on the line items of the separate income statements for 2023 and 2022 are as follows:

SEPARATE INCOME STATEMENT LINE ITEMS 2023

(million euros)	Total (a)	Related Parties: Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties (b)	% of financial statement item (b/a)
Revenues	12,140	1,562	38	118	—	—	**1,718**	14.2
Other income	227	46	1	—	—	—	**47**	20.7
Acquisition of goods and services	7,860	2,495	43	66	—	—	**2,604**	33.1
Employee benefits expenses	2,377	7	—	—	64	16	**87**	3.7
Other operating expenses	436	2	—	—	—	—	**2**	0.5
Depreciation and amortization	2,743	15	—	—	—	—	**15**	0.5
Gains/losses on disposals of non-current assets	(17)	—	—	—	—	—	**—**	—
Income (expenses) from investments	911	1,073	12	—	—	—	**1,085**	—
Finance income	999	528	—	1	—	—	**529**	53.0
Finance expenses	2,193	642	4	—	—	—	**646**	29.5

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

SEPARATE INCOME STATEMENT LINE ITEMS 2022

(million euros)	Total (a)	Related Parties: Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties (b)	% of financial statement item (b/a)
Revenues	**12,098**	1,472	10	80	—	—	**1,562**	12.9
Other income	**245**	65	2	—	—	—	**67**	27.3
Acquisition of goods and services	**7,602**	2,514	202	77	—	—	**2,793**	36.7
Employee benefits expenses	**2,578**	—	—	—	66	20	**86**	3.3
Other operating expenses	**420**	8	—	—	—	—	**8**	1.9
Depreciation and amortization	**2,759**	15	29	—	—	—	**44**	1.6
Gains/losses on disposals of non-current assets	**24**	—	—	—	—	—	**—**	—
Income (expenses) from investments	**408**	54	57	—	—	—	**111**	27.2
Finance income	**1,415**	843	—	—	—	—	**843**	59.6
Finance expenses	**2,408**	610	12	—	—	—	**622**	25.8

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

The effects of related-party transactions on the line items of the statements of financial position as at December 31, 2023 and December 31, 2022 are as follows:

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT DECEMBER 31, 2023

(million euros)	Total (a)	Related Parties					
		Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties (b)**	% of financial statement item (b/a)
NET FINANCIAL DEBT							
Non-current financial assets	**3,892**	**3,121**	**—**	**1**	**—**	**3,122**	80.2
of which: Non-current financial assets for lease contracts	*6*	—	—	*1*	—	***1***	*16.7*
Securities other than investments (current assets)	—	—	—	—	—	**—**	—
Financial receivables and other current financial assets	1,100	463	—	1	—	**464**	42.2
of which: Current financial assets for lease contracts	*68*	*1*	—	*1*	—	***2***	*2.9*
Cash and cash equivalents	598	38	—	—	—	**38**	6.4
Current financial assets	**1,698**	**501**	**—**	**1**	**—**	**502**	29.6
Non-current financial liabilities	20,804	4,641	—	—	—	**4,641**	22.3
of which: Non-current financial liabilities for lease contracts	*2,710*	*21*	—	—	—	***21***	*0.8*
Current financial liabilities	6,450	1,930	2	—	—	**1,932**	30.0
of which: Current financial liabilities for lease contracts	*467*	*38*	—	—	—	***38***	*8.1*
Total net financial debt	**21,664**	**2,949**	**2**	**(2)**	**—**	**2,949**	13.6
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS							
Rights of use assets	3,271	152	—	2	—	**154**	4.7
Miscellaneous receivables and other non-current assets	1,795	300	2	—	—	**302**	16.8
Trade and miscellaneous receivables and other current assets	4,561	1,251	48	25	—	**1,324**	29.0
Miscellaneous payables and other non-current liabilities	1,048	14	—	18	—	**32**	3.1
Trade and miscellaneous payables and other current liabilities	7,785	809	15	32	20	**876**	11.3

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT DECEMBER 31, 2022

(million euros)	Total	Related Parties					
		Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties**	% of financial statement item
	(a)					**(b)**	**(b/a)**
NET FINANCIAL DEBT							
Non-current financial assets	**3,502**	**2,379**	**—**	**1**	**—**	**2,380**	68.0
of which: Non-current financial assets for lease contracts	***8***	*—*	*—*	*1*	*—*	***1***	*12.5*
Securities other than investments (current assets)	**—**	—	—	—	—	**—**	—
Financial receivables and other current financial assets	**512**	377	—	—	—	**377**	73.6
of which: Current financial assets for lease contracts	***45***	*4*	*—*	*—*	*—*	***4***	*8.9*
Cash and cash equivalents	**1,375**	218	—	—	—	**218**	15.9
Current financial assets	**1,887**	**595**	**—**	**—**	**—**	**595**	31.5
Non-current financial liabilities	**21,379**	4,400	—	—	—	**4,400**	20.6
of which: Non-current financial liabilities for lease contracts	***2,600***	*25*	*—*	*—*	*—*	***25***	*1.0*
Current financial liabilities	**6,149**	1,954	—	—	—	**1,954**	31.8
of which: Current financial liabilities for lease contracts	***459***	*28*	*—*	*—*	*—*	***28***	*6.1*
Total net financial debt	**22,139**	**3,380**	**—**	**(1)**	**—**	**3,379**	15.3
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS							
Rights of use assets	**3,188**	167	—	2	—	**169**	5.3
Miscellaneous receivables and other non-current assets	**1,878**	305	1	—	—	**306**	16.3
Trade and miscellaneous receivables and other current assets	**4,293**	1,039	23	27	—	**1,089**	25.4
Miscellaneous payables and other non-current liabilities	**875**	16	—	19	—	**35**	4.0
Trade and miscellaneous payables and other current liabilities	**6,578**	781	22	49	21	**873**	13.3

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

The effects of related-party transactions on the significant line items of the statements of cash flows for 2023 and 2022 are as follows:

STATEMENT OF CASH FLOWS LINE ITEMS 2023

(million euros)	Total	Related Parties					
		Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties**	% of financial statement item
	(a)					**(b)**	**(b/a)**
Purchase of intangible, tangible and rights of use assets on an accrual basis	2,196	25	37	1	—	**63**	2.9
Dividends paid	—	—	—	—	—	**—**	—

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

STATEMENT OF CASH FLOWS LINE ITEMS 2022

(million euros)	Total	Related Parties					
		Subsidiaries	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties**	% of financial statement item
	(a)					**(b)**	**(b/a)**
Purchase of intangible, tangible and rights of use assets on an accrual basis	**2,065**	21	39	3	—	**63**	3.1
Dividends paid	**1**	—	—	—	—	**—**	—

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti Group and its subsidiaries; other related parties through Directors, Statutory Auditors and Key Managers.

Transactions with subsidiaries

The major values in the transactions with subsidiaries are summarized in the following tables.

It bears noting that TIM Servizi Digitali S.p.A. was sold on August 4, 2023, on which date it ceased to be a related party; therefore, at December 31, 2023 the financial position line items concerning the company are zero, and the income statement line items for the 2023 financial year reflect the transactions carried out up to the date of sale.

SEPARATE INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	Type of contract
Revenues			
FiberCop S.p.A.	1,360	1,280	Commissioned construction of secondary copper and fiber network developments; ordinary and extraordinary maintenance services on the secondary copper and fiber network; administrative services related to the IRU acquisition and transfer of secondary access network installation infrastructure; provision of Erp, separation, Desktop Management, TSA, SDI-AM services; voice services
TIM Retail S.r.l.	80	79	Supply of products intended for public sale; voice services, data transmission, MPLS connectivity, advanced hosting and ICT services for corporate use; property leases
Telecom Italia Sparkle S.p.A.	41	45	Customized voice and data transmission services, services relating to the interconnection between Telecom Italia Sparkle and TIM communications networks with particular reference to accesses and international traffic, sale of IRU dark fiber and installation infrastructures, property leasing and facility services, Oracle software maintenance
TIM S.A.	31	27	Roaming services; assistance and provision of licenses in the field of network, information technology, marketing & sales activities; Royalties Trademark License Agreement
Noovle S.p.A. Società Benefit	27	19	Voice services, supply of ICT products, real estate and operating services, facility services, security services
Olivetti S.p.A. Società Benefit	5	5	Fixed and mobile telephony services and equipment sales, MPLS and fiber connectivity services for the national data network, property leases, HP system hardware maintenance, dimensional upgrade of the APN Shared platform, functional evolution of the Capillary Network and Capnet platform for provisioning and managing equipment
Telecontact S.p.A.	4	4	Lease of properties and facility management services, supply of fixed and mobile network and IP connectivity telecommunications products and services, security services
Telecom Italia Trust Technologies S.r.l.	3	2	Voice services, management and supply of ICT Security & Risk Management services, property leasing, Spid activation service
Telsy S.p.A.	3	1	Fixed and mobile telephony services and supply of products and licenses, property leases and facility management services
TIM Servizi Digitali S.p.A.	3	5	Fixed and mobile telephony services, sale of materials to be used to develop the FTTH network
Telenergia S.p.A.	2	2	Outsourcing for company business, supply of operative assistance services
Telecom Italia S.Marino S.p.A.	2	2	Connection and telecommunications services (interconnection contracts for the sale of data services such as bitstream; IRU transfer of dark fiber connections and installation infrastructures; ULL; Shared Access; DSLAM devices; SUBLOOP FTTC), voice services, product sales
Telefonia Mobile Sammarinese S.p.A.	1	1	Mobile telephone and telecommunications product sales
Total revenues	**1,562**	**1,472**	

(million euros)	2023	2022	Type of contract
Other income			
Noovle S.p.A. Società Benefit	34	52	Recovery of seconded personnel costs, refunds of costs of centralized services, other income
Telecom Italia Sparkle S.p.A.	2	2	Recovery of seconded personnel costs, refunds of costs of centralized services, other income
FiberCop S.p.A.	2	1	Fees for corporate office, cost recovery for centralized services
Telecontact S.p.A.	2	2	Recovery of seconded personnel costs, refunds of costs of centralized services
TIM Servizi Digitali S.p.A.	1	3	Penalties for contractual breaches, recovery of seconded personnel costs, other income
TIM Retail S.r.l.	1	1	Recovery of seconded personnel costs, other income
Olivetti S.p.A. Società Benefit	1	1	Recovery of seconded personnel costs, refunds of costs of centralized services, other income
Other minor companies	3	3	
Total other income	**46**	**65**	
Acquisition of goods and services			
FiberCop S.p.A.	1,191	1,243	Fee for use of the secondary access network for the provision of copper and fiber access services to Operators; costs for failure to achieve the Special Commitment 2021-23 required under the MSA; travel costs
Noovle S.p.A. Società Benefit	421	411	Minimum commitment fee for operating services; professional IT services; customised services by TIM to end customers; supply of ICT products; collocation service for security and judiciary systems in Noovle data centers; GCP use, professional services, Azure use, on-premise services; cloud use on Google, Azure and Amazon Web Services consoles; infrastructure costs for the Tim Cloud and Consip project; Google license reselling (G Suite); collocation service on Noovle data center, revenue-share payment as part of offers to TIM end customers; services for the National Strategic Hub and for participating User Administrations
Telenergia S.p.A.	354	338	Electricity supply
Telecom Italia Sparkle S.p.A.	167	174	Portion to be paid for telecommunications services and interconnection costs, telephone services, data transmission; international line lease; maintenance of undersea cables
TIM Retail S.r.l.	117	107	Services for acquisition of new customers, information activities and post-sales support for TIM customers, activities for the promotion of TIM's image and distinctive brands through point-of-sale windows
Telsy S.p.A.	77	55	Customised services and purchase of products for resale and lease as part of TIM offerings for end customers; ICT security solutions and services; maintenance services and software licenses; services for the National Strategic Hub and for participating User Administrations
Telecontact S.p.A.	63	79	Customer care services for TIM customers and public administration; back office services related with billing customers for paid services provided by TIM technicians; call-center and back office services related with technical and commercial public telephone front end data management; management of waste from FEC Project (Certified Electronic Invoicing) related practices
Olivetti S.p.A. Società Benefit	44	51	Cloud printing service; customised services and purchase of products for resale and lease as part of TIM offerings for end customers; ICT services; supply, installation and assistance of ICT products; after-sales assistance as part of TIM offers for end customers; development upgrades of projects and platforms; licenses for use of software platforms, software upgrades; Cloud enabling services for Public Administrations; end-to-end solutions on the Jasper and intermediate platform by TIM under the contract for the development, management and commercialization of Machine to Machine and Internet of Things services; services for the National Strategic Hub and for participating User Administrations

Telecom Italia Trust Technologies S.r.l.	29	24	Certification Authority service for TIM and as part of offers to TIM end customers; regulation-compliant storage of PECs from TIM's institutional mailbox; management and substitute storage services for administrative-accounting documentation; Digital Identity management services through the SPID platform; cloud computing, security services, website creation and online services and application cooperation for public administrations; payment prompting services to TIM customers; digital signature certificates; services for the National Strategic Hub and for participating User Administrations
Tim Servizi Digitali S.p.A.	28	32	Tender contract for network works (assurance activities, delivery, network construction)
TIM S.A.	2	—	Roaming services
Staer Sistemi S.r.l.	1	—	Services for the National Strategic Hub and for participating User Administrations application management and database monitoring and protection platform
Other minor companies	1	—	
Total acquisition of goods and services	**2,495**	**2,514**	

(million euros)	2023	2022	Type of contract
Employee benefits expenses	**7**	**—**	Costs to Noovle and Telecontact of seconded personnel
Other operating expenses	**2**	**8**	Operating costs for guarantees of origin to Telenergia S.p.A.
Amortization of rights of use assets			
FiberCop S.p.A.	11	11	Amortization of rights of use for secondary access network installation infrastructures (underground and aerial), acquired in IRU for the sale for exclusive use of the same infrastructures to Operators
Noovle S.p.A. Società Benefit	4	4	Amortization of rights of use on buildings
Total amortization of rights of use assets	**15**	**15**	
Income (expenses) from investments			
Telecom Italia Finance S.A.	988	54	Dividends
FiberCop S.p.A.	84	—	Dividends
Telecom Italia S.Marino S.p.A.	1	—	Dividends
Total income (expenses) from investments	**1,073**	**54**	
Finance income			
Telecom Italia Capital S.A.	281	690	Income from derivatives
FiberCop S.p.A.	142	71	Interest income on financial receivables, financial commission income
Telecom Italia Finance S.A.	43	46	Income from securities, income from derivatives
Noovle S.p.A. Società Benefit	40	27	Interest income on financial receivables
Telecom Italia Sparkle S.p.A.	16	6	Interest income on financial receivables, income from derivatives
Telenergia S.p.A.	3	3	Interest income on financial receivables, financial commission income
Telsy S.p.A.	2	—	Interest income on financial receivables
Other minor companies	1	—	
Total finance income	**528**	**843**	
Finance expenses			
Telecom Italia Capital S.A.	419	474	Interest expense on financial payables, charges on derivatives
Telecom Italia Finance S.A.	222	136	Interest on financial payables, charges on derivatives
Other minor companies	1	—	
Total finance expenses	**642**	**610**	

STATEMENT OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	Type of contract
Net financial debt			
Non-current financial assets			
FiberCop S.p.A.	2,080	1,534	Loan
Noovle S.p.A. Società Benefit	884	684	Loan
Telecom Italia Finance S.A.	73	151	Derivative assets
Telecom Italia Sparkle S.p.A.	60	—	Loan
Telsy S.p.A.	24	9	Loan
Other minor companies	—	1	
Total non-current financial assets	**3,121**	**2,379**	
Financial receivables and other current financial assets			
Telecom Italia Sparkle S.p.A.	358	356	Short-term financial receivables
Telecom Italia Finance S.A.	54	4	Derivative assets
Telecom Italia Capital S.A.	29	13	Derivative assets
Telsy S.p.A.	12	—	Short-term financial receivables
Staer Sistemi S.r.l.	4	4	Short-term financial receivables
Noovle S.p.A. Società Benefit	4	—	Short-term financial receivables
FiberCop S.p.A.	1	—	Short-term financial receivables
Other minor companies	1	—	
Total financial receivables and other current financial assets	**463**	**377**	
Cash and cash equivalents			Treasury current accounts
Noovle S.p.A. Società Benefit	28	163	
Telenergia S.p.A.	10	55	
Total Cash and cash equivalents	**38**	**218**	
Non-current financial liabilities			
Telecom Italia Capital S.A.	3,429	3,163	Hedging derivatives and financial payables
Telecom Italia Finance S.A.	1,191	1,212	Hedging derivatives and financial payables
Noovle S.p.A. Società Benefit	21	25	Non-current financial liabilities related to the recognition of rights of use for building lease liabilities
Total Non-current financial liabilities	**4,641**	**4,400**	

(million euros)	12.31.2023	12.31.2022	Type of contract
Current financial liabilities			
Telecom Italia Finance S.A.	1,147	798	Financial payables, payables for current accounts, derivative liabilities
Telecom Italia Capital S.A.	485	863	Hedging derivatives, derivative liabilities
TIM Retail S.r.l.	65	56	Payables for current account transactions
Telecom Italia Ventures S.r.l.	57	63	Payables for current account transactions
Telecom Italia Sparkle S.p.A.	52	56	Payables for current account transactions
Telecontact S.p.A.	44	43	Payables for current account transactions
FiberCop S.p.A.	36	29	Payables for current account transactions and financial liabilities connected with rights of use
Olivetti S.p.A. Società Benefit	12	22	Payables for current account transactions
Telecom Italia Trust Technologies S.r.l.	11	3	Payables for current account transactions
TIM My Broker S.r.l.	9	7	Payables for current account transactions
Telsy S.p.A.	8	7	Payables for current account transactions
Noovle S.p.A. Società Benefit	4	4	Financial rights of use liabilities
Tim Servizi Digitali S.p.A.	—	3	Payables for current account transactions
Total Current financial liabilities	**1,930**	**1,954**	

(million euros)	12.31.2023	12.31.2022	Type of contract
Other statement of financial position line items			
Rights of use assets			
FiberCop S.p.A.	128	138	Rights of use for secondary access network installation infrastructures (underground and aerial), acquired in IRU for the sale for exclusive use of the same infrastructures to Operators
Noovle S.p.A. Società Benefit	24	29	Rights of use on buildings
Total rights of use assets	**152**	**167**	
Miscellaneous receivables and other non-current assets	**300**	**305**	Deferred contractual and other deferred costs for transactions with Telecontact (customer care services) and TIM Retail (new activations), receivables for tax consolidation

(million euros)	12.31.2023	12.31.2022	Type of contract
Trade and miscellaneous receivables and other current assets			
FiberCop S.p.A.	944	754	Carrying out of works on behalf of FiberCop on developments of secondary copper and fiber network, ordinary and extraordinary maintenance services on the secondary copper and fiber network, fee income for administrative services connected with the IRU transfer and acquisition of secondary access network installation infrastructures, supply of ERP, separation, desktop management, TSA, SDI-AM and voice services; Receivables for tax consolidation
Noovle S.p.A. Società Benefit	160	135	Voice services, supply of ICT products, property and operating services, facility services, security services, recovery of seconded personnel costs, refunds of centralized services
TIM Retail S.r.l.	53	56	Supply of products for sale to the public, voice and data transmission services, MPLS connectivity, advanced hosting and ICT services for company use, property leasing deferred contract costs; Receivables for tax consolidation
TIM SA	26	16	Roaming services, license support and provision as part of network operations, information technology, marketing & sales, Royalties Trademark License Agreement
Telecontact S.p.A.	25	26	Lease of properties and facility management services, supply of fixed and mobile network and IP connectivity telecommunications products and services, administrative outsourcing; deferred contract costs
Telecom Italia Sparkle S.p.A.	15	20	Personalized voice and data transmission services, services related to the interconnection between Telecom Italia Sparkle and TIM telecommunications networks, with particular reference to international access and traffic, sale of IRU Dark Fiber and installation infrastructures, real estate leases and facility services, Oracle software maintenance, administrative outsourcing, cost recovery, seconded personnel, administrative outsourcing, recovery of seconded personnel costs
Telsy S.p.A.	11	6	Deferred costs and trade receivables for the provision of equipment and licenses, as part of TIM offerings to end customers, property leases and facility management services
Olivetti S.p.A. Società Benefit	5	5	Fixed and mobile telephony services and equipment sales, MPLS and fiber connectivity services for the national data network, property leases, HP system hardware maintenance, dimensional upgrade of the APN Shared platform, functional evolution of the Capillary Network and Capnet platform for provisioning and managing equipment, administrative outsourcing
Telenergia S.p.A.	4	9	Outsourcing for company business, administrative outsourcing, supply of operative assistance services Receivable for tax consolidation
Telecom Italia Trust Technologies S.r.l.	4	3	Voice outsourcing services, management and supply of ICT Security & Risk Management services, property leasing, Spid activation service, administrative outsourcing
Telecom Italia Capital S.A.	1	1	Commission on the provision of surety
Telecom Italia S.Marino S.p.A.	1	1	Connection and telecommunications services (interconnection contracts for the sale of data services such as bitstream; IRU transfer of dark fiber connections and installation infrastructures; ULL; Shared Access; DSLAM devices; SUBLOOP FTTC), voice services, product sales
Telecom Italia Finance S.A.	—	1	Commission on the provision of surety
Tim Servizi Digitali S.p.A.	—	4	Supplies of materials to be used to develop the FTTH network
Other minor companies	2	2	
Total trade and miscellaneous receivables and other current assets	**1,251**	**1,039**	

(million euros)	12.31.2023	12.31.2022	Type of contract
Miscellaneous payables and other non-current liabilities			
Telecom Italia Sparkle S.p.A.	7	6	Deferred revenues from interconnection contracts, payables for tax consolidation
Noovle S.p.A. Società Benefit	5	7	Payables for tax consolidation
Olivetti S.p.A. Società Benefit	1	2	Payables for tax consolidation
Telecom Italia S.Marino S.p.A.	1	1	Deferred revenues for connection and telecommunications services contracts
Total miscellaneous payables and other non-current liabilities	**14**	**16**	
Trade and miscellaneous payables and other current liabilities			
FiberCop S.p.A.	368	375	Trade payables for the use of the secondary access network for the provision of copper and fiber access services to Operators, for failure to achieve the Special Commitment 2021-23 required under the MSA, travel costs; VAT and tax consolidation payables
Noovle S.p.A. Società Benefit	147	99	Trade payables for operating service minimum commitment charge, customized TIM offer services to end customers, supply of ICT products, collocation service of security and judiciary systems in Noovle data center, GCP consumptions, professional services, Azure consumptions, on-premise services; cloud use on Google, Azure and Amazon Web Services consoles, infrastructure costs for the Tim Cloud and Consip project, reselling of Google licenses (G Suite); collocation services on Noovle data center, revenue-share payment as part of offers to TIM end customers; services for the National Strategic Hub and for participating User Administrations; VAT and tax consolidation payables
Telenergia S.p.A.	92	125	Trade payables for electricity supply; VAT payables
Telecom Italia Sparkle S.p.A.	64	52	Trade payables for the portion to be paid for telecommunications services and interconnection costs, telephone services, data transmission and international line lease, maintenance of undersea cables; VAT and tax consolidation payables; deferred income
Telsy S.p.A.	50	32	Trade payables for customised services and purchase of products for resale and rental as part of TIM offerings to end customers, ICT solutions and security services for TIM, maintenance services and software licenses, services for the National Strategic Hub and for participating User Administrations; VAT payables
TIM Retail S.r.l.	33	33	Trade payables for services for acquisition of new customers, information activities and post-sales support for TIM customers, activities for the promotion of TIM's image and distinctive brands through point-of-sale windows VAT and tax consolidation payables
Olivetti S.p.A. Società Benefit	27	22	Trade payables for cloud printing service, customised services and purchase of products for resale and hire as part of TIM offerings to end customers, purchase of IT services, ICT product supply, installation and assistance, after-sales support, as part of TIM offerings to end customers, evolutionary developments of projects and platforms, software platform licenses, software developments, cloud enabling services for public administrations, end-to-end solutions on Jasper platform and intermediated by TIM, under the scope of the contract for the development, management and marketing of machine to machine services and Internet of Things; services for the National Strategic Hub and for participating User Administrations; VAT and tax consolidation payables

(million euros)	12.31.2023	12.31.2022	Type of contract
Telecom Italia Trust Technologies S.r.l.	14	14	Trade payables for the certification authority service for TIM and within the TIM customer offering, archiving service according to certified email rules for the TIM Certified Electronic Mail box, administrative and accounting documentation services, digital identity management services by means of SPID platform, cloud computing services, security services, creation of portals and online services and application cooperation for public administrations; services for payment prompting to TIM customers, digital signature certificates, services for the National Strategic Hub and for participating User Administrations; VAT payables
Telecontact S.p.A.	11	16	Trade payables for customer care services for TIM customers and for the Public Administration, back office services relating to the billing services for customers of the paid service provided by TIM technicians, call center and back office services for the management of the information of the technical and commercial front end of public telephony, management of waste from FEC Project (Certified Electronic Invoicing) related practices; tax consolidation payable
Tim Servizi Digitali S.p.A.	—	12	Trade payables for tender contract for network works (assurance activities, delivery, network construction)
Other minor companies	3	1	
Total trade and miscellaneous payables and other current liabilities	**809**	**781**	

STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	2023	2022	Type of contract
Purchase of intangible, tangible and rights of use assets on an accrual basis			
Telsy S.p.A.	19	11	Purchase of ICT security solutions and services, supplies for network infrastructure
Noovle S.p.A. Società Benefit	3	3	License acquisitions
Olivetti S.p.A. Società Benefit	1	3	Investments in platform development and implementation
Telecom Italia Trust Technologies S.r.l.	1	2	Investments in Digital Identity and Certification Authority
Tim Servizi Digitali S.p.A.	1	2	Acquisition of network infrastructure jobs
Total purchase of intangible, tangible and rights of use assets on an accrual basis	**25**	**21**	

Transactions with associates, subsidiaries of associates and joint ventures

The most significant values of the transactions with associates, subsidiaries of associates and joint ventures are summarized in the tables below.

It should be noted that following the sale by TIM, on August 4, 2022, of 41% of the share capital of the holding company Daphne 3 S.p.A., which holds a 29.9% stake in Italian Wireless Infrastructure ("INWIT"), INWIT ceased to be a related party; Therefore, the following tables show only the income statement line items for the 2022 financial year, which reflect the transactions carried out up to the date of sale.

SEPARATE INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	Type of contract
Revenues			
Polo Strategico Nazionale S.p.A.	72	16	Supply of software and related installation and configuration services; security services; cloud services, Data Center spaces, connectivity, design
ITALTEL S.p.A.	2	1	Fixed and mobile telephony services including equipment, licenses and outsourcing services
NordCom S.p.A.	1	1	Fixed and mobile telephony services including equipment, Microsoft maintenance and licenses, network connections and outsourcing
INWIT S.p.A.		15	Voice and data transmission services for company use, Desktop Management ICT services, IRU transfer of Dark Optic Fiber and Local Infrastructure, Easy IP ADSL service, property leasing and maintenance services
TIMFin S.p.A.	(37)	(23)	Mobile and fixed voice services, outsourcing services and fees; costs related to financing transactions recorded as a reduction in revenues
Total revenues	**38**	**10**	
Other income	**1**	**2**	Recovery of seconded personnel costs, recovery of centralized expenses
Acquisition of goods and services			
ITALTEL S.p.A.	33	26	Supply of equipment and software licenses and related professional services; hardware and software maintenance services linked to TIM offers to end customers; network and security equipment maintenance services for a period of 24 months linked to the TIM offer for the customer Poste Italiane; supplies for the expansion of TIM's fiber network
W.A.Y. S.r.l.	9	8	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development
INWIT S.p.A.		167	Services for BTS sites, power supply systems for the supply of electricity of the hosted devices, monitoring and security services (alarms) and management and maintenance services, remote management and monitoring of the electricity consumption of TIM technological infrastructures (BTS) hosted at INWIT sites
Other minor companies	1	1	
Total acquisition of goods and services	**43**	**202**	
Amortization of rights of use assets			
INWIT S.p.A.		29	Amortisation of rights of use for backhauling connections
Total amortization of rights of use assets	**—**	**29**	
Income (expenses) from investments			
Daphne 3 S.p.A.	12	57	Dividends
Total income (expenses) from investments	**12**	**57**	
Finance expenses			
TIMFin S.p.A.	4	3	Finance expenses for commission and other finance expenses.
INWIT S.p.A.		9	Finance expenses related to financial liabilities for rights of use
Total finance expenses	**4**	**12**	

STATEMENT OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	Type of contract
Net financial debt			
Current financial liabilities			
TIMFin S.p.A.	2	—	Financial liabilities for expenses on the transfer of receivables
Total Current financial liabilities	**2**	**—**	

(million euros)	12.31.2023	12.31.2022	Type of contract
Other statement of financial position line items			
Miscellaneous receivables and other non-current assets	**2**	**1**	Prepayment (non-current portion) of costs to Italtel S.p.A.
Trade and miscellaneous receivables and other current assets			
Polo Strategico Nazionale S.p.A.	45	20	Supply of products, software installation and configuration services, cloud servers, Data Center spaces, connectivity and design
ITALTEL S.p.A.	2	1	Supply of fixed and mobile telephone services including equipment, Microsoft licenses and outsourcing services; prepayment (current portion) of costs
W.A.Y. S.r.l.	1	1	Deferred costs for the provision of customized platforms, application offers, fixed and mobile voice services prepayment of costs
Other minor companies	—	1	
Total trade and miscellaneous receivables and other current assets	**48**	**23**	
Trade and miscellaneous payables and other current liabilities			
ITALTEL S.p.A.	7	12	Supply contracts connected with investment and operation
TIMFin S.p.A.	5	8	Miscellaneous costs for loans
W.A.Y. S.r.l.	2	2	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development
Other minor companies	1	—	
Total trade and miscellaneous payables and other current liabilities	**15**	**22**	

STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	2023	2022	Type of contract
Purchase of intangible, tangible and rights of use assets on an accrual basis			
ITALTEL S.p.A.	37	32	Software development, FTTH design for FiberCop works, supply of hardware and software, installations of hardware and engineering services for the network platforms; supplies for the expansion of TIM's fiber network
INWIT S.p.A.		7	IRU acquisition of backhauling connections, supply of plants, installation and related activations for the extension of indoor radio mobile coverage relating to TIM offerings to end customers
Total purchase of intangible, tangible and rights of use assets on an accrual basis	**37**	**39**	

TIM S.p.A. has issued guarantees on behalf of subsidiaries, associates and joint ventures for a total of 5,614 million euros, net of back-to-back guarantees received (5,588 million euros at December 31, 2022).

In particular, the following is noted: 3,620 million euros on behalf of Telecom Italia Capital S.A. (3,750 million euros at December 31, 2022); 1,172 million euros on behalf of Telecom Italia Finance S.A. (1,183 million euros at December 31, 2022); 256 million euros on behalf of FiberCop S.p.A. (145 million euros at December 31, 2022); 191 million euros on behalf of Telecom Italia Sparkle S.p.A. (200 million euros at December 31, 2022); 125 million euros on behalf of Noovle S.p.A. (42 million euros at December 31, 2022); 104 million euros on behalf of Olivetti S.p.A. (99 million euros at December 31, 2022); 89 million euros on behalf of Telenergia S.p.A. (116 million euros at December 31, 2022).

Transactions with other related parties (through directors, statutory auditors and key managers, as well as participants in shareholder agreements pursuant to Article 122 of the Consolidated Law on Finance)

Details are provided below of the transactions with:

- Vivendi Group and the companies of the group that it belongs to;
- Cassa Depositi e Prestiti Group and Group subsidiaries;
- Companies related through Directors, Statutory Auditors and Key Managers with strategic responsibilities.

SEPARATE INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	Type of contract
Revenues			
Cassa Depositi e Prestiti Group	118	80	IRU transfer of rights to use dark fiber installation and infrastructures; housing services, dark fiber maintenance and dedicated GEA/GigaNet connectivity; fixed and mobile telephony services including equipment; application outsourcing services, cloud services, equipment maintenance services
Total revenues	**118**	**80**	
Acquisition of goods and services			
Havas Group	61	69	Service & advisory activities in the purchase of media space by TIM; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM data room management services
Vivendi group	6	4	Operational management of TIM's “TIM I Love Games” online store platform and related developments; TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses
Cassa Depositi e Prestiti Group	(1)	4	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables); maintenance of the Open Fiber network in Milan and Genoa (primary network share)
Total acquisition of goods and services	**66**	**77**	
Finance income	**1**	—	Interest income on trade receivables to Cassa Depositi e Prestiti Group

STATEMENT OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	Type of contract
Net financial debt			
Non-current financial assets	1	1	Non-current financial payables to the Cassa Depositi e Prestiti Group for the IRU transfer of rights of use to installation and dark fiber infrastructure
Financial receivables and other current financial assets	1	—	Current financial payables to the Cassa Depositi e Prestiti Group for the IRU transfer of rights of use to installation and dark fiber infrastructure
Other statement of financial position line items			
Rights of use assets	2	2	Rights to the Cassa Depositi e Presiti Group for the use of the Open Fiber network in Milan and Genoa
Trade and miscellaneous receivables and other current assets			
Cassa Depositi e Prestiti Group	25	27	housing services, dark fiber maintenance and dedicated GEA/GigaNet connectivity; fixed and mobile telephony services including equipment; application outsourcing services, cloud services, equipment maintenance services
Total trade and miscellaneous receivables and other current assets	25	27	
Miscellaneous payables and other non-current liabilities			
Cassa Depositi e Prestiti Group	18	19	Deferred income on deferred fees
Total miscellaneous payables and other non-current liabilities	18	19	
Trade and miscellaneous payables and other current liabilities			
Havas Group	24	30	Service & advisory activities in the purchase of media space by TIM; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM data room management services
Cassa Depositi e Prestiti Group	6	17	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables); maintenance of the Open Fiber network in Milan and Genoa (primary network share)
Vivendi group	2	2	Operational management of TIM's “TIM I Love Games” online store platform and related developments; TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses
Total trade and miscellaneous payables and other current liabilities	32	49	

STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	2023	2022	Type of contract
Purchase of intangible and tangible assets on an accrual basis	1	3	Investments in intangible assets to Cassa Depositi e Prestiti Group and Vivendi Group

Transactions with pension funds

The most significant amounts are summarized as follows:

SEPARATE INCOME STATEMENT LINE ITEMS

(million euros)	2023	2022	Type of contract
Employee benefits expenses			Contributions to pension funds
Fontedir	7	7	
Telemaco	57	59	
Total Employee benefits expenses	**64**	**66**	

STATEMENT OF FINANCIAL POSITION LINE ITEMS

(million euros)	12.31.2023	12.31.2022	Type of contract
Trade and miscellaneous payables and other current liabilities			Payables for contributions to pension funds
Fontedir	2	3	
Telemaco	18	18	
Total trade and miscellaneous payables and other current liabilities	**20**	**21**	

Remuneration to key managers

In 2023, the total remuneration recorded on an accrual basis by TIM S.p.A. in respect of key managers amounted to 16 million euros (20 million euros at December 31, 2022). The figure breaks down as follows:

(million euros)	2023	2022
Short-term remuneration	14	13
Long-term remuneration	—	1
Employment termination benefit incentives	—	4
Share-based payments (*)	2	2
Total	**16**	**20**

(*) These refer to the fair value, accrued to December 31, of rights under the incentive plans of TIM S.p.A. (Long Term Incentive and Stock Options Plan).

Short-term remuneration is paid during the reference year, and, at the latest, within the six months following the end of that period.

It bears noting that the remuneration for the 2023 financial year does not include the negative difference of -0.4 million euros between the actual disbursement and the remuneration established in the 2022 financial year. Likewise, it does not include the taxable amount of the shares of the LTI Plan 2020-2022 assigned during the first half of 2023, equal to 0.6 million euros.

In 2023, the contributions paid in to defined contribution plans (Assida and Fontedir) by TIM S.p.A. on behalf of key managers, amounted to 231 thousand euros (212 thousand euros at December 31, 2022).

With regard to the remuneration to Directors and Statutory Auditors due for the 2023 financial year, we refer you (pursuant to art. 2427, n.16 of the Civil Code) to the Remuneration Report, which is available at the Company's headquarters and on the website www.gruppotim.it/gruppo/governance/remuneration/report.html.

In 2023, "Key managers", i.e. those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the operations of the TIM Group, including directors, were the following:

Directors:		
Pietro Labriola		Managing Director and Chief Executive Officer of TIM S.p.A. General Manager of TIM S.p.A.
Managers:		
Alberto Maria Griselli		Diretor Presidente TIM S.A.
Adrian Calaza Noia	(1)	Chief Financial Office
Paolo Chiriotti	(2)	Chief Human Resources & Organization Office
Simone De Rose	(3)	Head of Procurement & Logistics
Massimo Mancini		Chief Enterprise Market Office
Giovanni Gionata Massimiliano Moglia	(4)	Chief Regulatory Affairs Office
Agostino Nuzzolo	(5)	Head of Legal & Tax
Claudio Giovanni Ezio Ongaro	(6)	Chief Strategy, Business Development & Wholebuy Office
Elisabetta Romano		Chief Network, Operations & Wholesale Office
Andrea Rossini	(7)	Chief Consumer, Small & Medium and Mobile Wholesale Market Office
Eugenio Santagata	(8)	Chief Public Affairs & Security Office
Elio Schiavo		Chief Enterprise and Innovative Solutions Office

(1) From November 24, 2023, Interim Head of Administration, Finance & Control in the Chief Network, Operations & Wholesale Office.
(2) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(3) From November 23, 2023, Head of Procurement. From November 24, 2023, also Interim Head of Procurement in the Chief Network, Operations & Wholesale Office.
(4) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(5) From November 24, 2023, Interim Head of Legal & Tax in the Chief Network, Operations & Wholesale Office.
(6) Until November 23, 2023, Head of the Chief Strategy & Business Development Office. From November 24, 2023, also Interim Head of Strategy & Business Development in the Chief Network, Operations & Wholesale Office.
(7) Until November 23, 2023, Head of the Chief Consumer, Small & Medium Market Office.
(8) From November 24, 2023, Interim Head of Public Affairs & Security in the Chief Network, Operations & Wholesale Office.

NOTE 37
EQUITY COMPENSATION PLANS

Equity compensation plans in force at December 31, 2023, are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Group.

However, it should be noted that these plans do not have any significant effect on the economic result or on the financial position or on cash flows at December 31, 2023.

A summary is provided below of the plans in place at December 31, 2023.

Description of stock option plans

TIM S.p.A. 2022-2024 Stock Option Plan

The Shareholders' Meeting held on April 7, 2022, approved the one-shot 2022-2024 Stock Option Plan. The Plan aims to encourage Beneficiaries to create value for the Company's shareholders, aligning management's interests with the interests of TIM shareholders in terms of achieving the qualified objectives of the Industrial Plan and growth in the value of the Share in the medium-term. The Plan intends to also assure the possibility of attracting new managers from the outside, as the Industrial Plan is implemented.

The 2022-2024 Stock Options Plan is intended for the CEO, Top Management and a select number of managers of the TIM Group who hold key roles in terms of achieving the Strategic Plan objectives.

The Plan has a strike price of 0.4240 euros, a three-year vesting period (1.1.2022-12.31.2024) and a two-year exercise period (from approval of the 2024 financial statements and through to the next two years).

The following performance conditions are also envisaged for the three-year period 2022-2024:

- Cumulative (reported) Economic-financial indicator (EBITDA-CapEx) with a weight of 70%;
- ESG indicators with a total weight of 30%, structured into:
  - percentage of women in positions of responsibility (15%);
  - percentage of consumption of renewable energies (15%).

The level of achievement of the indicators determines the accrual of option rights over an interval that ranges from -10% to + 10% with respect to the target number allocated per bracket.

At December 31, 2023, there were a total of 145 addressees and the number of options assigned at target is 197,645,537.

For further details, see the Information Document on the initiative at https://www.gruppotim.it/content/dam/gt/investitori/doc---avvisi/anno-2022/ita/Doc-informativo-Piano-stock-option-22-24.pdf.

Description of compensation plans

TIM S.p.A. - Long Term Incentive Plan 2020-2022

The Shareholders' Meeting of April 23, 2020 approved the launch of the rolling and equity based long-term incentive plan called LTI 2020-2022.

The Plan envisaged three incentive cycles, connected with the performance three-year periods 2020-2022, 2021-2023, 2022-2024; over time, two of the three incentive cycles have been launched: 2020-2022, 2021-2023.

On April 7, 2022, the Shareholders' Meeting approved, after acknowledging the changes in scenario, the obsolescence of the 2020-22 Long Term Incentive Plan and replaced the third cycle of this plan with the new 2022-2024 Stock Options Plan described previously.

For more details on the 2020-2022 LTI Plan, see to the TIM Group's Consolidated Financial Statements as at December 31, 2022.

2020-2022 Cycle

The final results of the performance indicators tied to this cycle were approved by the TIM S.p.A. Board of Directors on March 15, 2023. 10,879,774 shares were assigned to the 102 beneficiaries still employed with TIM or the Group's subsidiaries as of December 31, 2022.

2021-2023 Cycle

The final results of the performance indicators tied to this cycle were approved by the TIM S.p.A. Board of Directors on March 6, 2024.
Valuation at December 31, 2023 of the gate to accessing maturity of the performance shares is below the value of the share at the Plan start-up: failure to satisfy the Gate condition determines the forfeiture of 28,913,829 performance shares at target and the maintenance - for the 107 recipients continuing their employment with TIM or Group subsidiaries at December 31, 2023 - of the right to receive a total of 8,619,620 shares (attraction/retention shares).

Calculation of fair value measurement of the granted options and rights

Parameters used to determine the fair value

Plans/Parameters	Exercise price (euros)	Nominal value (euros) (1)	Volatility (2)	Duration	Expected dividends (euros) (3)	Risk-free interest rate (4)
2020-2022 LTI Plan – Second Cycle (2021-23)	—	0.42	n.a.	3 years	0.01	-0.720% at 3 years
SOP 2022-2024	0.424	—	34.6%	3 years	0.02	0.479% at 3 years

(1) Arithmetic mean of the official prices of the Shares recognized starting from the stock market trading day prior to that of assignment until the thirtieth previous ordinary calendar day (both included) on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation refer as the divisor, cut off at the second decimal.

(2) Based on the performance objectives of the plan, the TIM share volatility values were considered and, if necessary, also those of the securities of the major companies of the telecommunications sector ("peer basket").

(3) Dividends have been estimated on the basis of Bloomberg data.

(4) The risk-free interest rate refers to the rate of government bonds of the Federal Republic of Germany (market benchmark for transactions in euros) on the valuation date with a maturity consistent with the reporting period.

Effects on the income statement and statement of financial position

Equity compensation plans which call for payment in equity instruments are recorded at fair value which represents the cost of such instruments at the grant date and is recorded in the separate income statements under "Employee benefits expenses" over the period between the grant date and the vesting period with a contra-entry to the equity reserve ("Other equity instruments"). For the portion of the plans that provide for the payment of compensation in cash, the amount is recognized in liabilities as a contra-entry to "Employee benefits expenses". Equity compensation plans which call for payment in equity instruments did not have significant impacts either on the income statements or the statements of financial position or of cash flows of TIM S.p.A at December 31, 2023.

NOTE 38

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The impact of non-recurring events and transactions on equity, profit, net financial debt and cash flows is set out below in accordance with Consob Communication DEM/6064293 dated July 28, 2006:

(million euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying amount	**(a)**	**13,156**	**(995)**	**21,664**	**(624)**
Other income		—	—	20	(20)
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects and other costs		(37)	(37)	33	(33)
Employee benefits expenses - Charges connected to corporate reorganization/restructuring and other costs		(463)	(463)	372	(372)
Other operating expenses - Expenses related to disputes and regulatory sanctions and potential liabilities related to them, other provisions and charges		(126)	(126)	121	(121)
Gains (losses) on disposals of non-current assets		2	2	(3)	3
Other income (expenses) from investments		(15)	(15)	—	—
Other finance expenses		(34)	(34)	—	—
Total non-recurring effects	**(b)**	**(673)**	**(673)**	**543**	**(543)**
Figurative amount	**(a-b)**	**13,829**	**(322)**	**21,121**	**(81)**

(*) Cash flows refer to the increase (decrease) in Cash and cash equivalents during the year.

The impact of non-recurring items on the separate income statement line items is as follows:

(million euros)	2023	2022
Operating revenues and other income	**—**	**23**
Other income	—	23
Acquisition of goods and services, Change in inventories	**(37)**	**(30)**
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects and other costs	(37)	(30)
Employee benefits expenses	**(468)**	**(537)**
Expenses related to corporate reorganization/restructuring and other costs	(468)	(537)
Other operating expenses	**(134)**	**(76)**
Expenses related to disputes and regulatory sanctions and potential liabilities related to them, other provisions and charges	(134)	(76)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(639)**	**(620)**
Gains (losses) on disposals of non-current assets	**2**	**—**
Gains on disposals of non-current assets	2	—
Impact on EBIT	**(637)**	**(620)**
Other income (expenses) from investments	**(15)**	**313**
Other finance income (expenses)	**(34)**	**(10)**
Impact on profit (loss) before tax	**(686)**	**(317)**
Tax realignment pursuant to Decree Law 104/2020 Art. 110	—	(1,964)
Income tax expense on non-recurring items	13	—
Impact on profit (loss) for the year	**(673)**	**(2,281)**

NOTE 39

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, a statement is made to the effect that in 2023 no atypical and/or unusual transactions, as defined by that Communication, were pursued.

NOTE 40

OTHER INFORMATION

Research and Development

Costs for research and development activities are represented by external costs, dedicated employee benefits expenses and depreciation and amortization. Details are as follows:

(million euros)	2023	2022
Research and development costs expensed during the year	48	50
Capitalized development costs	961	854
Total research and development costs (expensed and capitalized)	**1,009**	**904**

The increase of 105 million euros compared to 2022 is mainly attributable to the consolidation of activities on the 5G network in relation to NRRP projects.
In the 2023 separate income statement, depreciation/amortization charges totaling 807 million euros were recorded for development costs capitalized during the year and in prior years.
Research and development activities conducted by TIM S.p.A. are detailed in the Report on Operations ("Innovation, Research and Development" section).

Lease income

TIM has entered into lease agreements for land and buildings for office use and industrial use, infrastructure sites for the mobile network and network infrastructures; at December 31, 2023, the lease installments at nominal value still to be collected totaled:

(million euros)	12.31.2023	12.31.2022
Within next year	112	110
From 1 to 2 years after the end of the reporting period	62	54
From 2 to 3 years after the end of the reporting period	57	53
From 3 to 4 years after the end of the reporting period	54	49
From 4 to 5 years after the end of the reporting period	53	48
Beyond 5 years after the end of the reporting period	50	45
Total	**388**	**359**

Public Funds

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from public administrations be provided. In relation to this, funds received are shown in the following table:

Distributing entity	Area of intervention	Received in 2023 (million euros)	Received in 2022 (million euros)
Fondimpresa/Fondirigenti	training	3	3
Infratel	construction of network infrastructure	758 (*)	3
Ministry of Enterprises and Made in Italy (formerly the Ministry of Economic Development)(1)	research and innovation	3	3
ANPAL	training	3	—
Other (2)	innovation and Digital Divide	1	—
Total		**768**	**9**

(*) include 488 million euros collected on January 2, 2024.
(1) 2023 – includes ChAALenge Project
(2) 2023 – MUR; Sector affected: research

TIM S.p.A. has been included among the beneficiaries of the Ministry Decree (Enterprise and Made in Italy) of March 5, 2018 and the ChAALenge innovation agreement of March 17, 2021 for a joint Research and Development project.
The project's "Smart Everything Everywhere" model aims to improve the quality of life of frail people in every environment by building an integrated system to support frailty and aging. The project was rolled out between January 1, 2021 and December 31, 2023. In 2023, TIM received contributions of 0.4 million euros.

Summary schedule of fees due to the audit firm and other firms in its network

The following schedule reports the fees due to EY S.p.A. for the audit of the 2023 financial statements, and the fees referring to the year 2023 for other audit and review services, and for other services besides audit rendered to TIM by EY and other firms in the EY network. The out-of-pocket expenses incurred for these services in 2023 are also shown.

	TIM S.p.A.		
(in euros)	EY S.p.A.	Other firms of the EY network	**Total EY network**
Audit services:			
audit of the separate financial statements	1,065,676		1,065,676
audit of the consolidated financial statements	220,260		220,260
audit of the internal control system that supervises the process of preparation of the consolidated financial statements and limited statutory audit of the financial disclosure as at March 31 and September 30	1,209,943		1,209,943
limited audit of the half-year consolidated financial statements	222,729		222,729
other	215,214		215,214
Audit services with the issue of certification	223,094		223,094
Certification of compliance of the Consolidated Non-Financial Statement	82,239		82,239
Other services	37,000		37,000
Total 2023 fees due for auditing and other services to the EY network	**3,276,155**	**—**	**3,276,155**
Out-of-pocket expenses	50,490		50,490
Total	**3,326,645**	**—**	**3,326,645**

NOTE 41
EVENTS AFTER DECEMBER 31, 2023

TIM: received an offer from the Ministry of Economy and Finance for the purchase of Sparkle

On January 31, 2024, TIM received an offer from the Ministry of Economy and Finance to purchase Sparkle. The offer also references the possibility of negotiating another option, with possible adjustments to the contractual conditions, in the event that TIM retains a minority stake for a certain period of time and supports the implementation of the strategic plan.

TIM's Board of Directors met on February 7, 2024 to examine the offer. Deeming the offer to be unsatisfactory, the Board mandated the CEO to negotiate a different option with the Ministry with adjustments to the contractual conditions whereby TIM would retain a stake in the company for a certain period of time and support the implementation of the strategic plan.

TIM: clarifications on the seizure by the Milan Public Prosecutor's Office

On February 29, 2024, TIM S.p.A. (hereinafter also referred to as "the Company") was served a seizure order issued on February 8, 2024 by the Milan Preliminary Investigation Judge, ordering the preventive seizure of sums held in current accounts in the Company's name, for a total amount of €248,941,282.30.

The measure relates to an alleged cyber fraud (Article 640-ter of the Criminal Code) regarding "VAS" (Value Added Services) provided by third-party companies called CSPs ("Content Service Provider").

In this regard, it should be noted that TIM S.p.A. is not under investigation in the proceedings in question, and that the offence in dispute is not included among those which, under Legislative Decree no. 231 of 2001, could theoretically constitute a basis for an administrative offence attributable to the Company.

With specific reference to TIM S.p.A., evidence of a possible instance of fraud in this area only emerged in 2019, due to the significant number of disallowances of VAS services recorded in that year.

During this period, the Company reported these events to the Public Prosecutor's Office in Rome. The resulting proceedings – currently in the process of being dismissed – confirmed the Company's status as victim of the offence.

Moreover, the Company promptly took all necessary actions to neutralize the phenomenon of illicit activations of VAS services.

TIM, through its lawyers, is examining this matter and considering the most appropriate legal steps.

NOTE 42

LIST OF INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(thousands of euros)	Reg. office		Share capital (1)	Equity (1) (2)	Profit/ (loss) (1)	% Ownership	Share of equity (A) (3)		Carrying amount (B) (4)	Difference (B-A)
Investments in subsidiaries										
CD FIBER S.r.l.	Rome	Euro	50	43	(1)	100.00 %	43		43	—
FIBERCOP S.p.A.	Milan	Euro	10,000	5,790,126	408,847	58.00 %	3,358,273		2,965,894	(392,379)
NOOVLE S.p.A. Società Benefit	Milan	Euro	1,000	935,100	(69,416)	100.00 %	935,100		1,079,907	144,807
OLIVETTI S.p.A. Società Benefit	Ivrea (TO)	Euro	11,000	(2,459)	(15,145)	100.00 %	(2,459)	(5)	—	2,459
TELECOM ITALIA CAPITAL S.A.	Luxembourg	Euro	2,336	71,320	15,135	100.00 %	71,320		2,388	(68,932)
TELECOM ITALIA FINANCE S.A.	Luxembourg	Euro	1,818,692	6,326,745	1,157,724	100.00 %	6,326,745		5,914,971	(411,774)
TELECOM ITALIA LATAM PARTIC. E GESTÃO ADMIN.	SanPaolo (Brazil)	R$	118,926	(82,050)	(9,467)					
		Euro	22,231	(15,338)	(1,770)	100.00 %	(15,338)	(5)	—	15,338
TELECOM ITALIA SAN MARINO S.p.A.	San Marino	Euro	1,808	11,548	1,923	100.00 %	11,548		7,565	(3,983)
TELECOM ITALIA SPARKLE S.p.A.	Rome	Euro	200,000	276,040	(39,750)	100.00 %	276,040	(6)	481,109	205,069
TELECOM ITALIA VENTURES S.r.l.	Milan	Euro	10	87,808	4,667	100.00 %	87,808		63,635	(24,173)
TELECONTACT CENTER S.p.A.	Naples	Euro	3,000	40,175	(2,847)	100.00 %	40,175		12,654	(27,521)
TELENERGIA S.r.l.	Rome	Euro	100	4,722	(5,986)	100.00 %	4,722		100	(4,622)
TELSY S.p.A.	Turin	Euro	5,390	36,829	6,949	100.00 %	36,829		19,522	(17,307)
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES	Rio de Janeiro (Brazil)	R$	8,227,357	6,413,692	1,048,673					
		Euro	1,537,927	1,198,902	196,027	0.00000001 %	—		—	—
TIM MY BROKER S.r.l.	Rome	Euro	10	7,816	2,125	100.00 %	7,816		10	(7,806)
TIM RETAIL S.r.l.	Milan	Euro	2,402	96,007	8,413	100.00 %	96,007		15,143	(80,864)
									10,562,941	**(671,688)**

(thousands of euros)	Reg. office		Share capital (1)	Equity (1) (2)	Profit/ (losses) (1)	Ownership (%)	Share of equity (A) (3)	Carrying amount (B) (4)	Difference (B-A)
Investments in associates and joint ventures									
AREE URBANE S.r.l. (in liquidation)	Milan	Euro	100	(114,180)	(3,757)	32.62 %	(37,246)	—	37,246
DAPHNE 3 S.p.A.	Milan	Euro	100	2,229,484	79,635	10.00 %	222,948	234,247	11,299
ITALTEL S.p.A.	Rome	Euro	5,675	37,002	(14,000)	17.72 %	6,557	6,557	—
NORDCOM S.p.A.	Milan	Euro	5,000	15,854	476	42.00 %	6,659	2,143	(4,516)
POLO STRATEGICO NAZIONALE S.p.A.	Rome	Euro	3,000	31,212	(16,000)	45.00 %	14,045	24,300	10,255
TIGLIO I S.r.l. (in liquidation)	Milan	Euro	100	117	(43)	47.80 %	56	—	(56)
TIMFIN S.p.A.	Turin	Euro	40,000	61,936	11	49.00 %	30,349	36,750	6,401
								303,997	**60,630**

(1) Calculated from the last approved financial statements. For Subsidiaries, the data were used in accordance with IFRS principles, prepared for consolidation.
(2) Including profit/(loss).
(3) Net of any dividends to be distributed.
(4) Including capital deposits in investments.
(5) Covered by the investment provision.
(6) Data derived from the consolidated financial statements.

CERTIFICATION OF THE FINANCIAL STATEMENTS FOR THE YEAR PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 DATED MAY 14, 1999, AS AMENDED

1. We, the undersigned, Pietro Labriola, as Chief Executive Officer, and Adrian Calaza Noia, as Manager responsible for preparing TIM S.p.A. financial reports, certify, having also considered the provisions of Article 154-bis, subsections 3 and 4, of Italian Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used in the preparation of the financial statements for the 2023 fiscal year.
2. TIM has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.
3. The undersigned also certify that:

   3.1 The Financial Statements for the year ending December 31, 2023:

   a) have been prepared in compliance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS), as well as the legislative and regulatory provisions in force in Italy, in particular Article 154-ter of Italian Legislative Decree 58 of February 24, 1998 and the measures enacted for the implementation of Article 9 of Italian Legislative Decree 38 of February 28, 2005;

   b) agree with the results of the accounting records and entries;

   c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company;

   3.2 The Report on Operations contains a reliable operating and financial review of the Company, as well as a description of its exposure to the main risks and uncertainties. The Report on Operations also contains a reliable analysis of information concerning significant related-party transactions.

March 6, 2024

L'Amministratore Delegato

Pietro Labriola

Il Dirigente preposto alla redazione dei documenti contabili societari

Adrian Calaza Noia

INDEPENDENT AUDITORS' REPORT

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
TIM S.p.A.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of TIM S.p.A. (the Company), which comprise the statement of financial position as at December 31,2023, and the separate income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of separate financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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We identified the following key audit matters:

Key Audit Matter	Audit Response
Impairment test of goodwill	
As of December 31, 2023, goodwill amounts to Euro 12,064 million and refers to the Domestic cash generating unit ("CGU"). The processes and methodologies used by the Company to evaluate and determine the recoverable amount of the Domestic CGU, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecast of future cash flows and to the estimate of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgment required and the complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered this area a key audit matter. Disclosures related to the assessment of goodwill are reported in note 3 "Goodwill" and in note 2 "Accounting policies" in the paragraphs "Intangible assets - Goodwill"," Impairment of intangible, tangible and rights of use assets - Goodwill" and "Use of estimates".	Our audit procedures in response to the key audit matter included, among others: ► the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test; ► the validation of the perimeter of the CGU; ► the assessment of the reasonableness of the future cash flows forecasts, including comparisons with sector data and forecasts, utilized in the fair value determination; ► the assessment of the consistency of the future cash flows forecasts of the Domestic CGU with the business plan; ► the assessment of the forecasts in light of their historical accuracy; ► the assessment of the reasonableness of long-term growth rates and discount rates. The procedures referred to in the previous points also concerned the analysis of the assessments performed by the independent experts appointed by the Company. In performing our analysis, we involved our experts in valuation techniques, who performed an independent recalculation and carried out sensitivity analyses on the key assumptions in order to determine which changes in the assumptions could materially affect the recoverable amount. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the separate financial statements with regards to the valuation of goodwill.
Revenue recognition	
TIM's revenues amounted to Euro 12,140 million as of December 31, 2023, and refer almost entirely to the telecommunications	Our audit procedures in response to the key audit matter included, among others:

services rendered to retail and wholesale customers (other telecommunications operators).

Procedures over the accounting of revenues required significant focus in the context of our audit procedures due to (i) a highly complex accounting process due to the number of commercial offers, the number of underlying application systems and the related reconciliation processes, (ii) the presence of certain manual phases in the revenue recognition process, in particular for services provided to large customers and (iii) the complexity in estimating commitments connected to certain contracts.

The Company provides the relative disclosures in Note 24 "Revenues" of the separate financial statements.

- an understanding of the processes underlying the revenue recognition;
- the understanding and verification of the design and operating effectiveness of the relevant controls over the revenue recognition process;
- the analysis of the application systems supporting the revenue recognition process;
- the assessment that the accounting policy adopted for the main commercial offers is consistent with the provisions of the reference accounting standard;
- the analysis, on a sample basis, of some significant transactions relating to invoices issued and invoices to be issued, in order to verify that the contractual data and the evidence supporting the actual service rendered and / or goods transferred were consistent with the accounting policy adopted;
- the analysis of the valuation of certain contracts identified as onerous contracts;
- the analysis of the reconciliation of the management account with the accounting records in connection with the main balance sheet items related to customer relations;
- the analysis of the manual journal entries.

We also required external confirmations for a sample of customers and transactions.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the separate financial statements with regards to the revenue recognition process.

Regulatory disputes

As of December 31, 2023, TIM is involved in several regulatory disputes in progress, many of which are characterized by significant counterparty requests.

The main disputes concern (i) the 28-day billing proceeding, in which AGCOM ordered TIM to reimburse customers for unused service days, (ii) the I820 proceeding, started by AGCM

Our audit procedures in response to the key audit matter included, among others:

- an understanding of the process put in place by Management for assessing disputes, accompanied by test of the effectiveness of the internal controls relevant for this process;
- inquiries with Management regarding the

against TIM and other telco operators, to ascertain a possible conduct restricting market competition (iii) the I857 proceeding for a possible agreement restricting market competition in connection with the partnership with DAZN and (iv) the A514, and the related "follow-on" proposed by some other OLOs, procedure in which the AGCM charged TIM with conduct aimed at hindering the entry on the market of a new operator.

The assessment of the disputes was carried out by Management, as of 31 December 2023, based on the opinion of the external lawyers, as well as considering the latest information available.

The estimation of the risks connected to the disputes in which the Company is involved, requires a high degree of judgment by the management and, also considering the complexity of the regulatory framework, we considered this area a key audit matter.

Disclosures related to the assessment of the risks relating to the regulatory disputes in which the Company is involved is reported in note 23 "Disputes and pending legal actions, other information, commitments and guarantees".

main assumptions made in connection with disputes;

- testing of the "Legal Suite" database in order to assess the completeness of the proceedings in which the company is involved;
- the analysis of the legal opinions prepared by external consultants, based on which Management has based its assessments;
- the analysis of the responses received from external lawyers following our external confirmations procedures.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the separate financial statements.

Recoverability of deferred tax assets

As of December 31, 2023, deferred tax assets amount, net of impairment, to Euro 406 million in the separate financial statements.

Deferred tax assets refer to the temporary deductible differences between the book and fiscal values of assets and liabilities in the financial statements.

The recoverability of the carrying amount of the deferred tax assets is subject to management's evaluation and is based on the estimations of the future taxable income expected in the years in which they will be reversed.

The processes and methodologies used to evaluate and determine the recoverable amount of these assets, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by

Our audit procedures in response to the key audit matter included, among others:

- the assessment of the reasonableness of the assumptions underlying the estimation of future taxable income and the reconciliation with the figures included in the Company's business plan;
- the assessment of the reasonableness of the accuracy of the forecasts compared with the prior periods;
- the assessment of the Management calculations.

Lastly, we reviewed the adequacy of the disclosures provided in the notes to the separate financial statements with regards to the recoverability of deferred tax assets.

Building a better working world

Key audit matters	Audit response
Management, in particular with reference to the consistency of the forecasts of future taxable income expected by the Company with those included in the business plan. Considering the level of judgment required and the complexity of the assumptions applied in estimating future taxable amount used to determine the recoverability of the deferred tax assets, we considered this area a key audit matter. Disclosures related to the assessment of recoverability of deferred tax assets are reported in note 2 "Accounting policies" in the paragraphs "Income tax expense (current and deferred)" and "Use of estimates" and in note 10 "Income tax expense (current and deferred)".	
Non-current assets held for sale/Discontinued operations	
In execution of the resolutions adopted by the Board of Directors in November 2023, TIM S.p.A. signed the "Transaction Agreement" whit KKR which regulates: ► the contribution by TIM S.p.A. of a business unit - consisting of activities relating to the primary network, wholesale activity and the entire shareholding in the subsidiary Telenergia S.r.l. - in FiberCop S.p.A., a company that already manages the activities relating to the fiber and copper secondary network; and ► the simultaneous purchase by Optics Bidco (an entity controlled by KKR) of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself (also referred to as "Net.Co"), following the aforementioned contribution. The transaction agreement provides that on the closing date a Master Services Agreement will be signed which will regulate the terms and conditions of the services that will be provided between NetCo and TIM S.p.A. following the completion of the transaction. Once these activities are completed and the conditions precedent are fulfilled, NetCo will be classified by TIM as an Asset held for sale in	Our audit procedures in response to the key audit matter included, among others: ► the analysis of contracts and documentation prepared by TIM and its Advisors to support management's decision-making process; ► the analysis of the procedure implemented by the Company for the identification of the perimeter subject to the transaction and the consistency of the assumptions used with respect to the criteria and methodology for the identification of the CGUs for the purposes of the impairment test; ► verifying the reasonableness of the assumptions used and the forecasts formulated regarding the effects of the transaction, once completed, in order to verify that, where appropriate, they have been reflected in the financial statements as at 31 December 2023; In performing our analysis, we involved our experts in valuation techniques in order to verify the consistency between the analysis carried out by management and the assumptions used for the impairment test of the Domestic CGU. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the financial

accordance with IFRS 5. Considering the level of judgment required and the complexity of the assumptions applied in assessing the potential impact of the transaction, we considered this area a key audit matter. Disclosures related to the transaction are reported in note 2 "Accounting policies" in the paragraph "Non-current assets held for sale/Discontinued operations".	statements.

Responsibilities of Directors and Those Charged with Governance for the Separate Financial Statements

The Directors are responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the separate financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the separate financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of TIM S.p.A., in the general meeting held on March 29, 2019, engaged us to perform the audits of the separate and consolidated financial statements for each of the years ending December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of TIM S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the separate financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the separate financial statements with the provisions of the Delegated Regulation.

In our opinion, the separate financial statements have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of TIM S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of TIM S.p.A. as at December 31, 2023, including their consistency with the related separate financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the separate financial statements of TIM S.p.A. as at December 31, 2023, and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the separate financial statements of TIM S.p.A. as at December 31, 2023, and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of TIM S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Turin, March 26, 2024

EY S.p.A.
Signed by: Ettore Abate, Auditor

As disclosed by the Directors, the accompanying separate financial statements of TIM S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

OTHER INFORMATION

MOTIONS FOR RESOLUTIONS

TIM S.p.A. shareholders' meeting of April 23, 2024 (single call)

Agenda

Ordinary session

1. Financial statements as at December 31, 2023 – Approval of financial statement documentation - Coverage of the operating loss
2. Report on the remuneration policy and compensation paid:

   2.1 Approval of the first section (remuneration policy for 2024)

   2.2 Non-binding vote on the second section (compensation paid in 2023)
3. Appointment of the Board of Directors:

   3.1 Determination of the number of members of the Board of Directors

   3.2 Determination of the term of office of the Board of Directors

   3.3 Appointment of Directors

   3.4 Determination of the compensation of the Board of Directors
4. Appointment of the Board of Statutory Auditors:

   4.1 Appointment of Standing and Alternate Auditors

   4.2 Appointment of the Chairman of the Board of Statutory Auditors

   4.3 Determination of compensation
5. Adoption of amendments to the 2022-2024 Stock Option Plan - Related and consequent resolutions

Extraordinary session

6. Utilization of part of the legal reserve to cover the loss for the year - Exclusion of the obligation for subsequent replenishment in relation to the tax suspension restriction

1. Financial statements as at December 31, 2023 – Approval of financial statement documentation - Coverage of the operating loss

Dear Shareholders,

The 2023 draft financial statements submitted for the approval of the Shareholders' Meeting show a net loss of 995,364,447.83 euros. The reasons for this result are described in the report on operations, to which reference should be made.

It is proposed that upon approval of the financial statements, the loss for the year be covered through full utilization of the Additional paid-in capital and the and withdrawal of 419,691,100.41 euros from the Legal reserve, as described below.

In view of the above, the Board of Directors submits for your approval the following proposal

The Shareholders' Meeting of TIM S.p.A.,

- having examined the annual financial report of TIM S.p.A.;
- having taken note of the reports by the Board of Statutory Auditors and the independent auditors EY S.p.A.;

resolved

- to approve the 2023 financial statements of TIM S.p.A.;
- to cover the loss for the year of TIM S.p.A. (equal to 995,364,447.83 euros):
  - for 575,673,347.42 euros through full use of the Paid-in capital;
  - for 419,691,100.41 euros through use of the Legal reserve.

2. Report on the remuneration policy and compensation paid:

2.1 Approval of the first section (remuneration policy for 2024)

2.2 Non-binding vote on the second section (compensation paid in 2023)

Dear Shareholders,

the Report on the remuneration policy for financial year 2024 and the remuneration paid in financial year 2023 was prepared on the basis of the applicable regulatory framework.

This document is divided into two sections:

- the first illustrates the Company's policy on the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and is subject to a binding resolution of the Shareholders' Meeting, with the possibility of derogation in the event of exceptional circumstances, within the limits and under the procedural conditions specified in the same document;
- the second presents the items that make up the remuneration of the persons mentioned above, with an analytical illustration of the remuneration paid in 2023 and is subject to a non-binding resolution of the Shareholders' Meeting in favour or against.

All that said, you are called upon to express your views separately on the first and second sections of the Report, as described above. For this purpose, the Board of Directors submits the following proposals for your approval:

Proposal 1: approval of the first section of the Report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,

resolved

the approval of the first section of the Report on the remuneration policy and compensation paid by the Company.

Proposal 2: non-binding vote on the second section of the Report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,

resolved

in favour of the second section of the Report on the remuneration policy and compensation paid by the Company.

3. Appointment of the Board of Directors:

3.1 Determination of the number of members of the Board of Directors

3.2 Determination of the term of office of the Board of Directors

3.3 Appointment of Directors

3.4 Determination of the compensation of the Board of Directors

Dear Shareholders,

The term of office of the Board of Directors appointed at the Shareholders' Meeting of March 31, 2021 shall end upon approval of the financial statements for the year ending December 31, 2023.

To reappoint the Board of Directors, the Shareholders' Meeting is asked to:

- set the number of members of the Board of Directors, within the limits laid down in the Bylaws (between 7 and 19 members),
- appoint the members in accordance with the procedure laid down in the Bylaws (list voting);
- set the duration of the Board of Directors, up to a maximum of three financial years;
- set the compensation.

With various proposals having been formulated, a document entitled “Guidance to TIM shareholders on the composition of the Board of Directors” has been published (available at www.gruppotim.it/assemblea) which contains a summary of the applicable rules and a series of considerations by the outgoing Board of Directors on the optimal qualitative and quantitative composition of the body. You are invited to view this document. With a view to its reappointment – and as disclosed to the general public – the outgoing Board of Directors also chose to formulate its own proposals and its own list in accordance with a dedicated procedure which can be viewed at www.gruppotim.it/assemblea. Together with its list and ancillary proposals, the Board will also file a report on its completed inquiry process. Likewise, the Board recommends that shareholders accompany the lists and proposals they intend to submit with adequate reasons to support their choices.

The list submitted by the Board will compete with those submitted by the shareholders. Where it is then necessary to integrate the Board of Directors according to the statutory majorities (absolute majority of the capital present at the meeting), a vote will be taken on the proposal to appoint unelected candidates included in the published lists, beginning with the list that obtained the most votes and in the order in which candidates are listed, in so many as are necessary for the composition of the body to comply with the gender balance requirement. Once the composition of the Board of Directors is complete, non-elected candidates from any other lists shall not be appointed.

With regard to ancillary proposals (concerning the number, duration and compensation of Directors), the Board’s proposals will be put to a vote first and, only if not approved by the Shareholders' Meeting, any shareholders’ proposals will be considered, beginning with the proposal submitted by the shareholders representing the largest share of capital. Once a proposal has been approved, no vote shall then be taken on any alternative proposals.

Therefore, with a view to the Shareholders' Meeting of April 23, 2024, the outgoing Board of Directors of TIM S.p.A.:

- hereby recommends that shareholders:
  - promptly exercise their rights to stand as candidate for the office of Director of the Company under law and the Bylaws, should they so wish;
  - submit, together with the lists if deemed appropriate, substantiated proposals concerning the number of Board members, their term of office and their compensation.

  The Board of Directors also recommends that candidates provide a photo and a copy of an identity document and that they authorize the publication of their curriculum vitae on the Company's website, which should not include any details they do not wish to be disclosed;
- invites shareholders to vote, in due time, on the published ancillary proposals and to make their selection from the lists presented in accordance with the provisions of the Bylaws.

4. Appointment of the Board of Statutory Auditors:

4.1 Appointment of Standing and Alternate Auditors

4.2 Appointment of the Chairman of the Board of Statutory Auditors

4.3 Determination of compensation

Dear Shareholders,

The term of office of the Board of Statutory Auditors appointed at the Shareholders' Meeting of March 31, 2021 shall end upon approval of the financial statements for the year ending December 31, 2023.

To reappoint the Board of Statutory Auditors, the Shareholders’ Meeting is asked to:

- appoint five Standing Auditors and four Alternate Auditors,
- appoint the Chairman of the Board of Statutory Auditors from among the Auditors elected by the minority, and
- set the annual compensation for the discharge of office.

This matter is devolved to the shareholders for proposal, with the Board of Directors merely convening the meeting and providing the information and recommendations below. It should be noted that the term of office is legally set at three financial years - that is, until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2026.

<u>Appointment of Standing and Alternate Auditors</u>

The Bylaws provide that five Standing Auditors (two of whom are of the least represented gender) and four Alternate Auditors (two of each gender) shall be appointed. At least two Statutory Auditors and one Alternate Auditor must be chosen from among those enrolled in the register of statutory auditors and who have practised as statutory auditors for a period of not less than three years. The remaining Statutory Auditors (standing and alternate) must have at least three years' experience in the exercise of:

- administration or control activities or management tasks in companies with a share capital of not less than 2 million euros, or
- professional activities or tenured university teaching in legal, economic, financial, technical or scientific subjects closely related to the company's activities, or

- managerial roles in public bodies or public administrations which operate in the credit, financial or insurance sectors, or in sectors closely related to that of the company's activities.

According to the Bylaws, the sectors and subjects considered to be closely related to that of the Company are telecommunications, information technology, telematics, electronics and multimedia, and subjects relating to private and administrative law, economics and those relating to business organization. Also as regards requirements, the independence requirement as regulated by the applicable regulatory framework shall also be subject to the criteria set forth in the Corporate Governance Code for companies with shares listed on the electronic share market managed by Borsa Italiana, to which TIM adheres. Finally, in view of the Company's business, the members of the Board of Statutory Auditors should individually meet the requirements for concluding contracts with public administrations and carrying out activities under authorization.

Reappointment shall take place on a list basis. Lists shall be divided into two sections: one for the office of Standing Auditor and one for the office of Alternate Auditor. The first candidate in each section shall be selected from among the independent auditors entered in the appropriate register who have worked on external audits for at least three years. In each section, when the number of candidates is greater than or equal to three, it must be ensured that both genders are present, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the whole number.

Lists may be presented by March 29, 2024 by shareholders who, alone or jointly with others, have an overall shareholding representing at least 0.5% of share capital and with the right to vote at ordinary Shareholders' Meetings. If only one (or no) list has been validly submitted on that date, or if lists have only been submitted by connected shareholders, the deadline for submission shall be postponed to April 1, 2024, and the entitlement threshold shall be halved to 0.25%. In either case, the Company must receive notices of entitlement from intermediaries by April 2, 2021.

Each shareholder may only participate in one presented list, in which they must provide information on their identity, their total percentage shareholding held, and any relationship (including indirect) with the relative majority shareholder. Together with the list, each candidate must submit their acceptance of their candidature, certification that they meet the requirements (and comply with the limitation on offices set forth in the Consob regulations) and their curriculum vitae.

At the Shareholders' Meeting:

- three Statutory Auditors and two Alternate Auditors shall be selected from the list that gains the most votes ("majority list"), in the order in which they are listed;
- two Standing Auditors and two Alternate Auditors shall be selected from the remaining lists ("minority lists") by allocating the candidates a quotient obtained by dividing the obtained number of list votes by one and two, according on their listed order, and selecting the candidates with the highest quotients for the offices of Standing Auditor and Alternate Auditor.

If the gender balance requirements are not met, the last candidate elected from the majority list who is of the most represented gender shall be replaced by the first non-elected candidate from the same list who is of the least represented gender. If the majority list does not present enough candidates of the least represented gender, the Shareholders' Meeting shall add further members to the corporate body, by absolute majority vote according to the share capital represented at the meeting, until this requirement is met. To this end – and whenever a statutory majority resolution is required to supplement the members of the Board of Statutory Auditors – the appointment of the non-elected candidates included in the duly published lists shall be put to a vote, beginning with the list that gained the most votes and in the order in which they are listed, until the number of members required for the body to comply with the gender balance requirement is met.

Appointment of the Chairman of the Board of Statutory Auditors

The list voting mechanism is aims, under law, to ensure the election of Statutory Auditors "non-controlling shareholders unconnected, even indirectly, to the shareholders who submitted or voted for the list that achieved the most votes" (Article 148 of Legislative Decree No. 58/1998). The law also provides that the Chairman of the Board of Statutory Auditors must be appointed by the Shareholders' Meeting from among the Standing Auditors "elected by the minority'", which the Bylaws interpret to mean Standing Auditors drawn from minority lists.

To this end, shareholders are invited to expressly indicate their candidate for the office of Chairman of the Board of Statutory Auditors in case their list turn out to be a "minority list".

The Shareholders' Meeting takes resolutions by absolute majority of the capital represented at the meeting. In the event of several valid proposals, the first shareholder proposal put to the vote shall be that which received the most votes. Once a proposal has been approved, no vote shall then be taken on any alternative proposals.

Determination of compensation

The annual compensation of Statutory Auditors shall be set at the Shareholders' Meeting for the entire term of office, by absolute majority of the capital represented at the meeting. In the event of several valid proposals, the first proposal put to a vote shall be that formulated by the shareholders with the most shares. Once a proposal has been approved, no vote shall then be taken on any alternative proposals.

Together with the list, shareholders are invited to submit a compensation proposal, which in practice should distinguish between the compensation of the Chairman and the compensation of the remaining Statutory Auditors. In this regard, it is hereby brought to attention that one Statutory Auditor shall be called upon to be a member of the Company's supervisory body provided for by the organizational model adopted by TIM pursuant to Legislative Decree No. 231/2001, effective as of April 1, 2020. When formulating compensation proposals, it is therefore recommended that, in addition to the "basic" compensation to be paid to the Chairman of the Board of Statutory and to each of the other Statutory Auditors, additional compensation should be set for the Statutory Auditor who will be vested with this role.

For informative purposes only, it should be noted that the compensation of the outgoing Board of Statutory Auditors was set by the Shareholders' Meeting of March 31, 2021 (in continuity with the previous term) at 95,000 euros gross per annum for each Standing Auditor and 135,000 euros gross per annum for the Chairman of the Board of Statutory Auditors. The Shareholders' Meeting also set the additional compensation for the Statutory Auditor who will serve as a member of the Company's supervisory board at 15,000 euros.

Therefore, with a view to the Shareholders' Meeting to reappoint the Board of Statutory Auditors, the Board of Directors of TIM S.p.A.

- hereby recommends that shareholders:
  - promptly exercise their rights to stand as candidate for the office of Statutory Auditors of the Company under law and the Bylaws, should they so wish;
  - submit ancillary proposals, together with the lists, for the role of Chairman and concerning the compensation of members.

  The Board of Directors also recommends that candidates provide a photo and a copy of an identity document and that they authorize the publication of their curriculum vitae on the Company's website, which should not include any details they do not wish to be disclosed;
- invites shareholders to make their selection from the lists to be presented in accordance with the provisions of the Bylaws and to vote on the ancillary proposals published.

5. Adoption of amendments to the 2022-2024 Stock Option Plan - Related and consequent resolutions

Dear Shareholders,

On March 31, 2022, the Shareholders' Meeting approved, pursuant to Article 114-bis of Legislative Decree no. 58 of February 24, 1998 (the 'Consolidated Law on Finance'), the Stock Option Plan 2022-2024 (the 'Plan') aimed at a portion of the Group's management (including the Chief Executive Officer and Key Managers with Strategic Responsibilities of the Company), with the aim of promoting the value of the persons who occupy key organizational positions in the Company's business or who are deemed deserving of incentives and retention on the basis of management considerations on the growth in the share value through the assignment of options (the "Options") for the subscription or purchase of Telecom Italia ordinary shares (the "Shares") at the price of Euro 0.424 per share [23](the "Strike Price").

The object of the Plan is a maximum of 257,763,000 Options, free of charge and non-transferable, which grant the beneficiaries, at the end of the Vesting Period[24], the right to subscribe or purchase an equal number of Shares, at the Strike Price.

The details of the Plan approved by the Shareholders' Meeting, described in the information document (hereinafter the "Information Document", available at www.gruppotim.it/assemblea) prepared pursuant to Article 84-bis of the Regulations adopted by Consob Resolution no. 11971 of May 14, 1999 (the "Issuers' Regulations") and Scheme no. 7 set forth in the related Schedule 3A, were transfused into the appropriate regulation (the "Plan Regulations") that was defined by the Board of Directors, upon the proposal of the Nomination and Remuneration Committee, on May 4, 2022, in order to implement the Plan and proceed with the allocation of the Options to the beneficiaries.

While referring to the description contained in the Information Document for the characteristics and contents of the Plan, it should be noted that during the engagement meetings held with the Company's principal equity investors and proxy advisors, critical considerations were expressed on some specific aspects of the Plan that were deemed not to be in line with the guidelines published by the same parties.

With a view to continuous improvement and listening to the suggestions that have emerged from the dialogue with stakeholders, also in view of the failure of the Shareholders' Meeting of April 20, 2023 to approve the remuneration policy for 2023, the Company's Board of Directors – after preliminary investigation by the Nomination and Remuneration Committee – deemed it appropriate to propose to the Shareholders' Meeting to make a significant amendment to the Plan, aimed at significantly reducing the maximum payout achievable by beneficiaries. In particular, it is proposed to amend the definition of "*Maximum Benefit*" contained in the Information Document and in the Plan Regulations, currently represented by "*The gain that can be realized in the event of the sale of a number of Shares corresponding to the quantity of Options at target for CEO and Beneficiaries of each band, at the conventional price of Euro 1.50 per Share, against purchase at the Strike Price" (unchanged) of Euro 0.424, significantly reducing the "conventional price"* (so called "cap") from Euro 1.50 (which represents more than 5 times the current price of Telecom Italia ordinary shares and corresponds to an overall capitalization of ordinary shares of about 22.8 billion euros, compared to about 4.3 billion euros at the date of approval of this report) to Euro 0.80 per Share. It should be noted that, due to the operation of the stock options and by virtue of the strike price (as mentioned, Euro 0.424), the 47% reduction in the 'conventional price' implies a 65% reduction in the maximum payout to target.

The adoption of this amendment will therefore result in a reduction of the maximum target payout for the CEO from 25,824,000 euros to 9,024,000 euros and for first-tier beneficiaries from 6,725,000 euros to 2,350,000 euros.

In order to follow up on what emerged at the aforementioned engagement meetings concerning the forecasts in the event of a change of control, it is also proposed to eliminate the possibility – indicated in the Information Document and in the Plan Regulations – " for the Board of Directors to resolve on the acceleration of the Vesting (and the immediate exercisability) of the Options at target, in the event of a public offer on the Shares", providing instead, as per market practice, only the mechanism according to which if "as a result of a public offer, a party were to acquire legal control of the Company, the acceleration of the Vesting (with

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[23] Amount corresponding to the weighted average official listing price of the Company's ordinary share and savings share on the electronic stock market organized and managed by Borsa Italiana S.p.A. in the quarter December 2021-February 2022.
[24] "Vesting period": the period of time from January 1, 2022 until December 31, 2024, consisting of 9 (nine) quarters.

immediate exercisability of the Options at target) would be automatically determined" (the so-called "double trigger"), as already indicated in the Information Document and in the Plan Regulations.

It should be noted that, in view of the Board's approval of the aforesaid proposed amendments to the Plan, the prior consent to their application was obtained from the Chief Executive Officer and General Manager, as well as from the Key Managers with Strategic Responsibilities, who, in the aggregate, are the target recipients of a number of Options amounting to 86,500,000 (corresponding to 38.4% of the Options allocated under the Plan). Following the approval of the amendments by the Shareholders' Meeting, the beneficiaries, other than the Chief Executive Officer and General Manager and the Key Managers with Strategic Responsibilities, who have not yet consented to the amendments covered in this report will be asked to accept the new version of the Plan and the Plan Regulations, so that it can also be applied to them. It should be noted that with respect to beneficiaries who do not give their consent within the aforementioned time limits, the amendments under consideration will not apply and the current provisions of the Plan will continue to take effect.

In referring to the information document prepared to reflect the changes to the Plan described above, the Board of Directors submits the following proposed resolution for your approval:

The Shareholders’ Meeting of TIM S.p.A.,

- having examined the illustrative report of the Board of Directors prepared pursuant to Articles 125-ter and 114-bis of Legislative Decree no. 58 of February 24, 1998,
- having regard to the information document prepared in accordance with Article 84-bis of the Regulation adopted by Consob Resolution no. 11917/1999, which reflects the changes set forth in the aforementioned report and the manner in which they are implemented,

resolved

- to approve the amendments to the 2022-2024 Stock Option Plan, in the terms described in the report of the Board of Directors and resulting from the information document prepared pursuant to the applicable regulations;
- to vest the Board of Directors with all the powers necessary or appropriate to implement the above resolution and the amendments envisaged therein, including that of amending the Plan Regulations and any other documentation accompanying the same accordingly, leaving all the remaining provisions unchanged and notifying all the beneficiaries thereof.

6. Utilization of part of the legal reserve to cover the loss for the year - Exclusion of the obligation for subsequent replenishment in relation to the tax suspension restriction

Dear Shareholders,

It has been put to the Ordinary Shareholders' Meeting that the loss for the year 2023 be covered through full utilization of the Additional paid-in capital and the withdrawal of 419,691,100.41 euros from the Legal reserve.

It bears noting that the legal reserve is subject to tax suspension up to the amount of 1,834,666,727.25 euros, of which:

(i) in the amount of 468,944,256.66 euros pursuant to Law No. 72/1983,

(ii) in the amount of 716,378,104.85 euros pursuant to Law 342/2000, and

(iii) in the amount of 649,344,365.75 euros pursuant to Law No. 413/1991.

Insofar as it may be necessary, it is proposed to reduce the Legal reserve by 419,691,100.41 euros by withdrawing that amount, which should be understood to be definitive and exclusive of any obligation to subsequently replenish with future profits in relation with the tax suspension restriction. On this point, the Shareholders are called upon to pass resolution in extraordinary session, pursuant to Article 6(2) of Law No. 72 of March 19, 1983, insofar as this provision is applicable.

However, the obligation to replenish the legal reserve until it has reached one-fifth of share capital pursuant to Article 2430 of the Civil Code remains unaffected.

In view of the above, the Board of Directors submits for your approval the following proposal

The Extraordinary Shareholders' Meeting of TIM S.p.A.,

- having regard to the resolution to cover the loss for the year 2023 for a total amount of 995,364,447.83 euros by utilizing reserves partly subject to tax suspension;

resolved

to reduce the corresponding equity items permanently, exclusive of their subsequent replenishment, without prejudice to the provisions of Article 2430 of the Civil Code.

GLOSSARY

The following explanations are not intended as technical definitions, but are to support the reader in understanding some of the terms used in this Annual Report.

2G (Second-Generation Mobile System)

Second-generation digital mobile systems, including GSM, D-AMPS (TDMA) and CDMA. 2G networks are currently used throughout Europe and in other parts of the world. These protocols support voice services, limited data communication, and ancillary services such as fax and SMS.

3G (Third-Generation Mobile System)

The third-generation mobile system is designed to provide high-speed and continuous-access data services and higher-capacity voice services. 3G technology enables the transfer of traditional personal communication services (telephony, messaging) and data (such as downloading online information, email exchange and instant messaging). The high data speeds (measured in Mbps) are significantly higher than 2G and allow video-viewing and high speed internet access on mobiles. 3G technology standards include UMTS, which is based on WCDMA technology (the two terms are often used interchangeably), and CDMA2000. TIM switched off its 3G system in 2023.

3GPP (Third-Generation Partnership Project)

The 3rd Generation Partnership Project (3GPP) brings together seven telecommunications standards organizations (ARIB, ATIS, CCSA, ETSI, TSDSI, TTA, TTC), known as "Organizational Partners", to provide their members with a stable environment to produce the reports and specifications defining 3GPP technologies. 3GPP specifications cover cellular telecommunications technologies, including radio access, core network, and service capabilities, which provide a complete description of the mobile telecommunications system.

3GSO (Third Generation Switch Off)

The switch-off of the 3G system, which has already been carried out by various operators around the world. TIM did so in 2023. The frequencies used have been made available to the newest systems to ensure greater coverage and capacity, while at the same time respecting electromagnetic limits.

4G (Fourth-Generation Mobile System)

Fourth-generation mobile systems are designed to provide a variety of devices, such as laptops with wireless modems, smartphones, tablets and other mobile devices, with all previous services plus ultra-broadband mobile internet access. Current and potential applications include web access, IP telephony, games, high-definition TV, video conferencing, Internet of Things, and cloud computing applications. 4G standards include LTE and LTE-A (LTE-Advanced) systems. LTE enables a download transmission speed of up to 150 Mbit/s per cell (on 20 MHz bandwidth) with greatly improved latency values; LTE enables services highly interactive services (e.g. gaming, videoconferencing). The upgrade to LTE, which is called "LTE Advanced" and is already in use, allows for even greater transmission speeds.

4K or UHD (Ultra High Definition)

4K, also known as Ultra HD (a name coined by the Blu-ray Disc Association), is a digital television, digital cinema and computer graphics resolution standard. 4K refers to a television resolution of 3,840 x 2,160 pixels. This is four times the resolution of a Full-HD television; The higher pixel density produces a clearer, cleaner, and better-defined image, with greater detail and texture. This will be followed by 8K, which will be 4 times higher.

5G (Fifth-Generation Mobile System)

The term 5G indicates the set of fifth-generation mobile technology standards that are significantly more evolved than 4G/IMT-Advanced technology. Its global distribution began in 2019. The main characteristics of the 5G network are:

- higher bit-rates on larger bandwidths than previous systems (capacities up to tens of Gbit/s on hundreds of MHz) to ensure higher-quality performance for innovative services such as Virtual Reality, Industry 4.0 etc;
- very low latency, in the order of milliseconds;
- ability to simultaneously connect hundreds of thousands of objects within the Internet of Things: from wearable technologies to automatic traffic control systems, from assisted vehicle driving to home automation.
- ability to connect from high-speed moving vehicles.

5G Core

This is the core segment of 5G networks, which is designed to be cloud-native. The interaction paradigm between its components (Network Function) is based on service exposure in a similar way to what happens for Web Services. The new 5G Core also introduces new orchestration capabilities and new features such as Network Slicing, support for edge computing and the service exposure to third parties.

5G NR (5G New Radio)

The new 5G radio access technology (RAT) ensures better performance. See 5G SA and 5GNSA.

5G NSA (5G Non-Stand-Alone)

5G NonStand-Alone (NSA). Non-Stand-Alone (NSA) mode refers to a 5G NR deployment option in which NR works collaboratively with LTE access.

5G SA (5G Standalone)

5G standalone (SA). Standalone mode (SA) refers to a 5G deployment option based on a single 5G radio access technology (i.e. NR or LTE), without cooperation with a second access technology, connected to a 5G Core Network.

Access Charge

Amount charged by national operators for the use of their network by operators of other networks, also known as an "interconnection fee".

ABR (Adaptive Bitrate) Streaming

Adaptive bitrate streaming or ABR streaming, sometimes abbreviated as ABS, is a technique for dynamically adjusting the compression level and video quality of a stream to match bandwidth availability.

ADS (American Depositary Shares) / ADR (American Depositary Receipt)

Instruments used for the listing of shares on the New York Stock Exchange (NYSE).

ADSL (Asymmetric Digital Subscriber Line)

Technology which, via a modem, transforms traditional wire-pair telephone lines into a high-speed digital connection line for the transfer of multimedia data. ADSL is used to achieve asymmetric broadband transmission.

Availability (or Reliability) (A)

The probability of an object performing a required function under certain operating conditions and at a given instant of time.

AGCOM (Italian Communications Authority)

Agile

In software engineering, "agile" mode (or agile software development) refers to a set of software development methods that are opposed to traditional models such as waterfall models; Agile methods propose a less structured approach aimed at delivering working, quality software to the customer quickly and frequently. The practices promoted by agile methods, now generally referring to the Project Management of not exclusively software products, include the formation of small, multi-functional and self-organized development teams, iterative and incremental development, adaptive planning, and the direct and continuous involvement of the customer in the product development process.

AON (Active Optical Network)

An optical distribution network based on active devices. This was used for the first optical networks in the 2000s and then replaced by PON.

API (Application Programming Interface)

APIs (Application Programming Interfaces) are programming interfaces consisting of software libraries available for a given programming language, which are used to interact with other programs and extend platform functionality, making them interoperable and open to different implementations.

AR (Augmented Reality)

The reality that surrounds us, enriched with additional content such as images, videos, 3D models, and so on, viewed through mobile devices.

ASN (Autonomous System Number)

ASN is a globally available unique identifier that allows an autonomous system to exchange routing information with other systems.

White / Gray / Black Areas

The distinction between white, gray and black areas is important for assessing State aid supporting the development of ultra broadband networks and the compatibility of the aid with Community legislation. This classification is contained in the European Union Guidelines:

- White areas are areas without ultra broadband networks, where private investors do not intend to invest in the next three years;
- Gray areas are areas where an ultra broadband network is present or will be developed in the next three years by a single private operator;
- Black areas are areas where at least two ultra Broadband networks of different operators are present or will be developed over the next three years.

ATM (Asynchronous Transfer Mode)

The network protocol through which data is transferred by encapsulating data in units, called cells, of fixed length (53 bytes) instead of in variable-length packets as is the case in packet-switching networks.

Avatar

The digital representation of a person which, in XR, allows them to interact with the environment and with other people.

Automation

Automation identifies technologies which automatically manage equipment, systems and processes, reducing the need for human intervention and facilitating network setup and operation activities.

Broadband

This comprises network technologies that allow a transmission speed of at least 2 Mbit/s to be achieved. These speeds are made available both on the fixed copper network, starting with ADSL technology, and on the mobile network starting with 3G systems. Broadband services include both data and voice services. Data services include fast Internet access, the ability to download audio and video files, point-to-point and multi-point interactive video services (video call and video conference), video on demand and (download and streaming) television programs.

Ultra Broadband

This comprises all network technologies enabling connectivity to be offered from 30 Mbit/s to Gbit/s. The definition is linked to the characteristics of the fixed and mobile access network. By increasing capacity and speed, ultra broadband allows users to access the content available on the network more quickly (and from several users at the same time) and to take advantage of video services up to ultra HD quality and interactive gaming.

- Fixed Ultra Broadband: comprises optical fiber access technologies, known as FTTx.
- Mobile Ultra Broadband: refers to the use of the HSPA mobile network (evolution of the 3G network), LTE and its upgrades, and the 5G network.

Backhauling

The interface between the radio access node and the core network.

Backbone

The backbone is the part of the telecommunications network that supports long-distance connections, which aggregate large amounts of traffic and from which the branches of the network necessary to serve certain local areas extend.

Big Data

Big data is a term used to describe the set of technologies and methods for analysing mass data. The term indicates the ability to extrapolate, analyze and interrelate an enormous amount of heterogeneous, structured and unstructured data to discover the links between different phenomena and predict future ones.

Bitstream Access

A wholesale interconnection service that consists in the supply by the dominant telecommunications operator (the incumbent) of the access transmission capacity between an end customer's station and an interconnection point of another OLO operator.

Blockchain

Blockchain is an innovative data and information structuring technology with network sharing; a blockchain system is similar to a distributed database or virtual register, structured as a chain of blocks (hence the term blockchain) containing transactions; the blockchain is validated by a consensus mechanism distributed on all the nodes of the network participating in the chain. The main characteristics of blockchains are the immutability of the chain, the traceability of transactions and security based on advanced cryptographic techniques that are robust to cyberattacks. Blockchain technologies are currently used to support global supply chains, financial transactions (e.g. Bitcoin), accounting assets and distributed social networks.

BRAS (Broadband Access Server) - BNG (Broadband Network Gateway)

Also referred to as BNG, this is a device that manages fixed broadband users' access sessions or authenticates users, acts as a termination of logical connections originated by user devices, produces taxation data, and can apply management rules (policies) and techniques for QoS.

Broadcast

Simultaneous transmission of information and content to all nodes or devices of a network.

BSC (Base Station Controller)

A 2G radio access network control node and an interface with the MSC switching system. The BSC supervises and controlling radio resources both during call or data connection and during the call or data maintenance phase.

BSS (Business Support System)

The system used by network operators to manage business processes such as invoicing, sales management, customer service management and customer databases.

BTS (Base Transceiver Station)

A base radio station that transmits and receives GSM radio signals through appropriate antennas, providing coverage in an area organized in one or more "cells" through one or more radio transmitters (TRX). Commonly known as a "repeater", in reality it does not "repeat" any signal as would be the case of radio bridges, but generates the signal and transmits it in ether. BTS also encrypts GSM communications.

Bundle

A commercial offer characterized by several telecommunications services (e.g. telephony, broadband internet access, television services over IP protocol, others) being jointly proposed by an operator with a single commercial brand. A Dual Play bundle refers to when the bundle combines a fixed telephone service and broadband internet access; A Triple Play bundle is where the Dual Play bundle is integrated with IP protocol television content (IPTV); A Quadruple Play bundle is where integrated mobile phone services are added to the Triple Play bundle.

Bypass

Unlike COLT, these are circuits currently devoid of active equipment for collecting NGAN customers, which in long-term plans may be abandoned (after migrating the legacy customers collected there).

CaaS (Container as a Service)

In a Cloud CaaS offer, a consumer flexibly and dynamically acquires an environment (typically based on Kubernates technology) in which containers can be developed, from a Cloud Provider. The CaaS environment manages the container lifecycle and the related scaling-up and upgrade needs in line with shared policies

Caching

The caching of web content (videos, HTML pages, images, etc.) is a technology that reduces bandwidth usage and the time spent accessing content. A cache stores copies of documents requested by users in locations closer to them than the original sites, so that subsequent requests can be fulfilled by the cache itself, under suitable conditions. The enabling technology can be open and standards-based (Open Caching) or on a proprietary and closed approach (Alien Caching)

Channel

A communication route that connects a source to one or more destinations using transmission media and electrical, electromagnetic, optical or other signals.

Carrier

A telecommunications operator that provides a transportation service for communication services through its own network.

Carrier Aggregation

Technique for aggregating multiple radio carriers and consequently increasing the transmission speed on a wireless network.

CAS (Conditional Access Systems)

Conditional access systems are used by content providers, such as pay-TV operators, to ensure that only subscribers' devices that meet certain conditions can access protected content. Conditional access systems work by encrypting digital transport streams (pay-TV content) and sending permissions to decrypt the content separately.

CAT M1 (Category M1) or LTE Cat-M

Cat-M1, also known as LTE Cat-M, is a low-cost LPWAN technology developed by 3GPP as part of release 13 of the LTE standard. The technology is complementary to NB IOT, with upload and download speeds faster than 1 Mbps and lower latency of 10 to 15 ms.

CCA (Current Cost Accounting)

With a current cost accounting (CCA) approach, the manager's asset base has been annualized based on the gross replacement cost of the assets. CCA belongs to the family of constant annualization methods in which amortization rate is stable and the cost of capital decreases over time, with a consequent reduction in income. However, unlike accounting at historical cost, the annualization of amortization is adjusted based on price changes of the assets under consideration due to technical progress and general price changes (inflation).

CDMA (Code Division Multiple Access)

CDMA is a multiple access technology used in radio communications. The first CDMA-based radio systems were developed by Qualcomm, and introduced commercially in 1995. It enables the same channel to be used simultaneously to transmit multiple signals, each of which is modulated through an appropriate code to distinguish one message from another.

CDN (Content Delivery Network)

Content delivery networks are content distribution systems (particularly bandwidth-intensive multimedia content, such as IPTV) managed by a Service Provider for the provision of audio and video streaming services, offering better quality to customers.

CDP (Carbon Disclosure Project)

An international initiative that encourages companies to focus on managing climate change risks and opportunities.

Cell

A geographical area covered by a radio station.

EMF (Electromagnetic Field exposure limits)

Electromagnetic fields are present everywhere and are produced both from natural sources (storms, terrestrial magnetism) and from anthropogenic origins such as power lines, TV stations, mobile radio stations and microwave ovens. Their effects on the human body depend on their frequency. For radio frequency fields such as those produced by radio base stations and mobile devices, the greatest biological effect is the heating of body tissues. The current position of the scientific community, as expressed by the World Health Organization, is that while exposure to high levels of EMFs is harmful to health, it is not proven that prolonged exposure to low levels of EMFs can be harmful.

The definition of which levels are low enough not to be harmful is left to individual countries, even though guidelines have been defined by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

As far as Italy is concerned, the exposure limit is 20 V/m; an "attention threshold" of 6 V/m, averaged over 24 hours, is also defined for homes, schools, playgrounds and all places where individuals stay for more than 4 hours a day.

Central Office

A Central Office is a building from which the copper or fiber lines that form the access network and which reach customers originate. It houses equipment for telephone services (Line Phase in TIM terminology), for broadband data services (DSLAM) and potentially for ultra broadband services (OLT). Some Central Offices also host higher-ranking devices (SGU for telephony, routers for data services), in which case they also collect the other COs that do not have them.

Central Unit (CU)

A logical node housing PDCP, RRC and SDAP protocols and other control functions based on a higher layer functional split.

CI/CD (Continuous Integration/Continuous Delivery)

In software engineering, CI/CD or CICD are the combined practices of continuous integration (CI) and (more often) continuous delivery or (less often) continuous distribution. CI/CD bridges the gap between teams and their development and operational activities by applying automation to the creation, testing, and deployment of applications.

Closed User Group

A group of users that can send or receive communication services only within the same group, to which dedicated rates can be applied.

Cloud

Cloud is an abbreviation of "Cloud Computing", which refers to a model of network use of IT resources (for example networks, servers, memory, applications and services); in the Cloud, the end customer (or consumer) is allowed broad, easy and on-demand access to a shared and configurable set of resources that can be acquired and released quickly and with minimal management effort or interaction with the service provider. The Cloud model has five essential characteristics: 1) Self-Service on the customer's request, 2) extensive network access, 3) resource sharing, 4) resilience/automation in resource requests, 5) certified SLAs, three service modes (see SaaS, PaaS and IaaS) and four distribution/deployment models (private, public, hybrid cloud and through communities).

Cloud Continuum

A cloud composed of centralized edge-distributed presence points which constitute a single cloud infrastructure.

Hybrid Cloud

A cloud solution consisting of private and public resources.

Native Cloud

A native cloud refers to an application-building approach which allows for the full use of the cloud paradigm (see Cloud).

CNI (Cloud Native Infrastructure)

CNI is the set of hardware and software that runs and supports Cloud Native applications.

CNF (Cloud Native Function)

A virtualized network function on commercial off-the-shelf (COTS) hardware, hosted on Telco Data Center or Public Cloud, with flexible and dynamic capacity, use of Containers and Micro Services, and automated LCM.

ONC (Optical Nodal Center)

This is the flexibility point in PON architecture and separates the primary optical network from the secondary optical network. The ONC houses the optical splitters connected to the passive fiber optic network.

Cogeneration

Cogeneration is the joint production of electrical (or mechanical) energy and useful heat from the same primary source. Cogeneration (using the same fuel for two different uses) is aimed at a more efficient use of primary energy, with relative economic savings, especially in production processes where there is a strong contemporaneity between electrical and thermal sampling.

Cognitive Computing

An advanced artificial intelligence system in which machines have parts of the typical functions of a human brain. The technologies that make up cognitive computing are capable of processing enormous amounts of information, learning autonomously, interacting in human language and reproducing human thought patterns.

COLT (Central Office Long Term)

A central office that, in long-term transformation plans, remains necessary to collect NGAN customers through a fiber optic distribution network.

Community

A group of people who have any kind of interest in common and exchange messages on the internet (e.g. through social media).

Connected Car

A connected car is a vehicle which, in addition to having internet access, has sensors and can send and receive signals to explore the surrounding environment and get in touch with other vehicles and services.

Container

A container is an abstract software unit that is executable and independent, with everything needed to run an application: code, runtimes, tools and system libraries. Each running container is reproducible. Containers allow applications to be decoupled from the host infrastructure on which they run. This approach makes it easier to deploy in the cloud or in different operating systems.

Co-siting

Agreements for the sharing of technological sites (for ICT, network access sites and passive infrastructures) by multiple actors, for a more efficient use of network infrastructures both in urban areas and in rural areas.

CO_2 – Carbon Dioxide

Carbon dioxide is one of the most important greenhouse gases. It can be traced back to industrial processes as a product of combustion, in particular from the use of fossil fuels.

CMS (Content Management System)

A content management system, often abbreviated to CMS, is software that helps users create, manage, and modify the contents of a website without the need for specialized technical knowledge.

CPE (Customer Premise Equipment)

Customer Premise Equipment is a user-side electronic telecommunications device (terminal, telephone, modem) that can connect directly to the geographical transmission network through appropriate interfaces. The connection between the CPE and the network can be built on a physical carrier (optical fiber, telephone wire pair) or on a radio carrier (wireless).

COTS (Commercial Off-The-Shelf)

A software and/or hardware product that is commercially ready and available for sale, rental, or license to the public.

CPS (Carrier Pre-Selection)

Within the framework of the Equal Access policy guaranteed for all operators, CPS (Carrier Pre-Selection) is a telephone network service that allows permanent call-routing to the preferred operator with which all calls are made. This function must be implemented by the access operator in their control panels.

CPU (Central Processing Unit)

The CPU (central processing unit) is the HW component that controls the interpretation and execution of instructions. A PC's CPU consists of a single microprocessor. The term “processor” is often used to refer to a CPU.

C-RAN

It refers to a centralized cloud RAN, a paradigm dealing with centralized computing, collaborative radio, real-time cloud computing, and energy efficient infrastructure. This architecture aggregates the computational resources of base stations into a central pool, allowing for better radio coordination. C-RAN exploits software-defined networking (SDN) and network function virtualization (NFV) techniques, as well as data center processing capabilities to allow the separation of control planes and data and to achieve high flexibility by allowing network resources to be shared dynamically.

Cybersecurity

Cybersecurity deals with the analysis of threats, vulnerabilities and risk associated with the use of IT tools, hardware, software and data connected to the Internet to protect them from attempted attacks such as: alteration, disabling, theft, destruction, unauthorized access.

DAM (Digital Asset Management)

Digital asset management (DAM) is the integrated system for the centralized strategic content management. This software allows content to be created, organized and distributed on different channels such as websites and applications, and increases the effectiveness of communication.

DAS (Distributed Antenna System)

This is a network of distributed antennas that is connected to a signal source to provide wireless services in a geographical area or a building. The radio frequency signal is combined and distributed through the antenna system.

Data Center

The Data Center is the department of a company that hosts and manages backend IT systems and data archives: its mainframes, servers, databases, etc. In the past, this type of management was located in a single physical location, hence the name of data center. The development of new distributed computing technologies has brought in new management criteria, which has led to the existence of more than one physically and virtually located data center.

Data Mining

The process of discovering models and insights from large data sets using statistical and machine learning techniques.

Data Warehousing (DW)

A method for collecting and storing large amounts of data in a central location for analysis and reporting.

DCC (Digital Contact Center)

A set of platforms used to connect the customer with the human or virtual customer care agent most suited to the customer's needs, through different channels (voice, web, apps, mail, chat, SMS), and to help agents interact with customers (e.g. voice orders, back office).

DDoS (Distributed Denial of Service)

An attempt to make a networked computer resource (system/service) no longer available to users. Attacks of this type seek to saturate the network and computer resources available to the target system of the attack, such as a website, to the point of making it no longer able to provide the service.

Decommissioning

The disposal of older (legacy or obsolete) technological solutions in order to rationalize and simplify current telecommunications networks with the aim of optimizing investments and improving the quality and time-to-market of services.

Deep Learning

A subset of machine learning that involves training multi-layered neural networks on large amounts of data.

DevOps

In computer science, DevOps (a contraction of Development and Operations) indicates an agile method of software development targeted communication, collaboration and integration between developers and operations personnel. DevOps is therefore an approach to developing and implementing applications in the company that aims for the release of the product, the testing of software, evolution and maintenance (correction of bugs and minor releases) in order to increase reliability and security and to speed up development and release cycles.

Digital divide

The technological gap that may exist for territorial reasons in some geographical areas where people do not have effective access to digital technology, such as fixed broadband services. The Digital Divide also refers to the economic or cultural barriers that certain sections of the population have in accessing digital services.

Distributed Unit (DU)

A logical node hosting RLC/MAC/High-PHY protocols based on a lower layer functional split.

DLA (Data Layered Architecture)

An architecture to manage user data in a telecommunications network in real time (e.g. user profiles), which introduces a separation between a logically centralized data storage layer, which is responsible for the consistency and availability of the data, and a front-end layer that manages the requests coming from network devices.

DNS

The record containing numerical IP addresses (for example 123.456.789.0) associated with alphanumeric addresses (nome.cognome@dominio.com) commonly used to identify a website or email address.

DPI (Deep Packet Inspection)

Real-time packet traffic analysis technology that observes "in depth" the content of packets "in depth"; i.e. up to application level, rather than only up to IP/TCP/UDP header level. It enables advanced traffic management.

DRM (Digital Rights Management)

Digital rights management is a way to protect copyrights to digital media and content. This approach involves technologies that restrict the copying, reproduction, and use of copyrighted works, protected content, and proprietary software.

DSL Network (Digital Subscriber Line Network)

A family of network technologies that provides wide-bandwidth digital transmission at limited distances through the traditional copper telephone pair from the first switching center to the end user.

DSLAM (Digital Subscriber Line Access Multiplexer)

Digital Access Line Multiplier Equipment: processes digital signals from different customers whose lines are equipped with xDSL technologies, and multiplies their communications on a high-speed connection to the internet backbone.

DSS (Dynamic Spectrum Sharing)

A new antenna technology that, for the first time, allows the parallel use of LTE and 5G in the same frequency band. This technology drives real-time demand for 5G and LTE.

DTT (Digital Terrestrial TV)

Digital terrestrial TV is a type of transmission technology that allows greater efficiency in the transmission of television services (in terms of number of channels and image quality) through the use of a digital system.

DVB-H (Digital Video Broadcasting-Handheld)

DVBH is a digital broadcast video transmission standard optimized for mobile networks on portable devices, such as mobile phones and smartphones.

DWDM (Dense Wavelength Division Multiplexing)

This technology multiplies and simultaneously transmits optical signals with different wavelengths along a single optical fiber in order to increase the available bandwidth.

EDGE (Enhanced Data for GSM Evolution)

This technology increases the data transmission rate of the GPRS standard from 30-40 kbit/s to more than 400 kbit/s under optimal radio transmission conditions.

Edge (Network Edge)

A network segment located between the access and main network, where service functions (such as those performed by BRAS) are located. Depending on the environment, this segment can be highly distributed (e.g. up to mobile Base Station level) or less distributed (e.g. on the network backbone edge).

Edge Cloud

A cloud infrastructure distributed at the network edges. Edge cloud architecture is used to decentralize computing power at the network edges.

EEB (Energy Efficiency in Buildings)

An international initiative promoted by the WBCSD (World Business Council for Sustainable Development) for researching energy efficiency in buildings in order to reduce environmental impact and energy costs.

EFFC (Extraction Full Free Cooling)

A cooling system that reduces consumption without using greenhouse gases. EFFC is based on the free-cooling principle (forced ventilation without the use of air conditioning) and linked to a system extracting the hot air produced by equipment and additional (adiabatic) cooling of incoming air, and is obtained by exploiting an area with a high concentration of nebulized water.

eMBB (Enhanced Mobile Broadband)

Mobile broadband data service on the LTE-A network, 5G.

EMS (Environmental Management Systems)

Environmental management systems enable the sustainable management of production and support processes, and promote the continuous improvement of environmental performance, These tools ensure effective management, prevention and continuous reduction of environmental impacts in work processes.

eNB (Evolved Node B)

The 4G Base Station which implements the LTE radio interface and manages its radio resources.

EPC (Evolved Packet Core)

The core segment of a 4G network. It manages user mobility, routs traffic (since 4G is only packet traffic), applies criteria, produces taxation data and interconnects with IP networks.

EPC NSA (Evolved Packet Core Non Standalone)

Core network mobile 4G capable of supporting dual-connected LTE and New Radio accesses.

EPG (Electronic Program Guide)

Electronic programming guides are systems that provide television, radio and other multimedia application users with continuously updated menus that display programming information for scheduling of current and future broadcasts

EPON (Ethernet PON)

Also known as Gigabit Ethernet PON or GEPON, this is a type of pure optical fiber that uses a symmetric pattern both downstream and upstream and can reach a maximum of 10 Gigabits per second of transmission. This solution is IEEE-standardized.

EPS (External Power Supplies)

External power supplies for equipment.

ESG (Environmental, Social and Governance)

ESG is a strategic framework for identifying, evaluating and addressing organizational objectives and activities ranging from a company's carbon footprint and commitment to sustainability, diversity and inclusion, to ethical risk management and business practices.

eSIM (embedded SIM)

This is an evolution of SIMs: an integrated circuit incorporated directly into a device and therefore not removable and not replaceable, but which can be managed remotely through the functionality of the device itself.

Ethernet

A family of high-speed data link technologies for local area networks (LANs) and metropolitan area networks (MANs).

ETSI

The European Telecommunications Standards Institute.

EuP (Energy-using Products)

Falling within the *Eco-design Directive for Energy-using Products (*2005/32/EC), this is the regulatory framework that energy-using devices must comply with from the design phase onwards to increase energy efficiency and reduce the negative environmental impact of products.

Feeder

Carrier class IP routers that collect and concentrate fixed and mobile network traffic and commercial traffic for a number of Central Areas. The traffic collected by feeders is delivered in double homing mode to Metro nodes on physically diversified routes.

FDD Frequency Division Duplex

Frequency-division duplexing is a method for establishing a full duplex communication link, using two different radio frequencies for transmitter and receiver operation. FDD normally assigns the transmitter and receiver to different communication channels.

FFC – Full Free Cooling

A cooling system that uses forced ventilation to reduce energy consumption.

Optical Fiber

An infrastructure for transmitting data through light signals, formed by glass or plastic filaments. Each fiber cable contains several individual fibers, each capable of conveying the signal (light pulses) at a practically unlimited bandwidth. Fiber is used for the construction of both optical communication backbones and for access networks across multiple architectures (FTTx).

Fronthaul

Within the functional division of a Base Station, this refers to the interface between the Remote Unit (RU) and Distributed Unit (DU).

FSC (Forest Stewardship Council)

The Forest Stewardship Council is an international non-profit NGO. The FSC is an internationally recognized forest certification system. The certification aims to ensure proper forest management and traceability of derived products. The FSC logo guarantees that a product has been made with raw materials from properly managed forests according to two main standard principles: forest management and chain of custody. FSC certification is an independent, third-party scheme.

FTTx (Fiber To The x)

This term is used to indicate any network architecture that uses fiber optic connections that partially or entirely replace the traditional copper connection used in telecommunications networks. The different technological implementations differ at the point of the distribution network where the fiber connection reaches the end customer: in FTTC (Fiber to the Cabinet), the fiber terminates in the device (distribution cabinet) located on the sidewalk, where the customer-end copper connections begin; in FTTB (*Fiber to the Building*), the fiber terminates in a distribution box at the base of the building, where the vertical copper climb begins; in FTTH (*Fiber to the Home*), the fiber terminates directly in the customer's home. in FTTO (*Fiber to the Office*), the fiber terminates in the Office; and in FTTR (*Fiber To The Room*), the fiber extends into different rooms of the home.

FWA (Fixed Wireless Access)

Fixed Wireless Access indicates a set of transmission systems developed to exploit certain frequencies of the radio spectrum so as to provide fixed broadband access services (with a nominal connection speed of 1 Gbps).

Gateway

A node for the interconnection of different networks. A gateway node can perform a domain splitting function between homogeneous networks or it can functionally interconnect different networks, thus performing protocol interworking functions.

G.FAST (Fast Access to Subscriber Terminal)

G.FAST (group “G” of ITU-T recommendations) is a fourth-generation DSL standard over copper, adopted by ITU-T in 2014, which allows aggregated downstream and upstream speeds of around 500 Mbit/s up to 100m and of around 800-900 Mbit/s up to 50m.

Therefore, the technology has a higher speed than VDSL2 and eVDSL but, since it is optimized for very short distances, it requires network devices to be positioned nearer to the customer than in distribution cabinets, or indeed in the distribution boxes at or at the base of buildings.

GPON (Gigabit capable Passive Optical Network)

A passive optical network (PON) is a network architecture that brings fiber cabling into the customer’s home using a point-to-multipoint scheme. It uses passive optical splitters to serve multiple rooms with a single optical fiber. GPON is part of a set of PON standards (defined in the ITU framework), which differ by the maximum overall speed attainable within each optical shaft, a structure often shared with 64 users. With GPON, the maximum speed is around 2.5 Gbps downstream and 1.25 Gbps upstream, shared with a pre-established number of users, which can be up to 128. The operator will then set the nominal maximum speed for each of the connected lines (e.g. 1 Gbps download). Other types of GPON standards are:

- XG-PON - maximum speed 10 Gbit/s downstream and 2.5 Gbit/s upstream
- XGS-PON - maximum speed 10 Gbit/s downstream and 10 Gbit/s upstream
- NG PON2 - maximum speed 40 Gbit/s downstream and 10 Gbit/s upstream

GPRS (General Packet Radio System)

A packet-switched system for data transmission over 2G cellular networks.

GPU (Graphics Processing Unit)

A specialized processor (or CPU) designed to accelerate the digital rendering of graphic objects.

GRI (Global Reporting Initiative)

A leading organization in the field of sustainability, the GRI promotes the adoption of sustainability reporting as a way for organizations to contribute to sustainable development.

GRX (GPRS Roaming eXchange for Mobile Operators)

The GRX service allows mobile operators to interconnect GPRS networks around the world and to offer the Global Roaming service for GPRS coverage.

GSM (Global System for Mobile Communication)

The standard-based system for digital cellular communications developed worldwide and operating on 900 MHz and 1800 MHz bands. GSM is a second-generation (2G) system.

GSMA (GSM Association)

The GSMA (deriving from *Global System for Mobile Communications*, and originally *Groupe Spécial Mobile*) is an industry organization that represents the interests of mobile network operators around the world.

HCFC (Hydrochlorofluorocarbons)

Compound chemical molecules used mainly in cooling systems to replace Chlorine Fluorocarbons. These are prohibited by the Montreal Protocol due to their limited ozone depressant effect (their ozone damaging power is about 10% of that of CFCs).

HCP (Hyperscale Cloud Provider)

A cloud infrastructure provider capable of mass-scaling resources over large quantities of globally distributed servers.

HFC (Hydrofluorocarbons)

Hydrofluorocarbons: composite molecules in use in cooling systems. They are part of the greenhouse gas family. They do not harm the ozone.

HDSL (High-bit-rate Digital Subscriber Line)

An xDSL technology standardized in 1994, it provides symmetric connections of up to 8 MB/s over pairs.

HLR (Home Location Register)

The database in which 2G and 3G customer profiles are registered.

Home Access Gateway – Access Gateway – Home Gateway – Residential Gateway

Domestic-use devices used to concentrate customer voice/data/video traffic for private telecommunication networks and to connect household devices to the internet or other geographical networks (WAN).

Housing

The leasing of managed physical space within a Data Center for the installation of equipment or servers.

HSPA (High Speed Packet Access)

An evolution of UMTS, which allows downstream (HSDPA) and uplink (HSUPA) mobile broadband data connections of up to 42 MB/s and 5.76 MB/s, respectively.

IaaS (Infrastructure as a Service)

With a Cloud IaaS offering (see also Cloud models), a consumer flexibly and dynamically acquires computing, memory, network and other fundamental IT resources from a Cloud Provider, with which the customer can develop and run arbitrary software, including operating systems and applications. The consumer does not manage or control the underlying cloud infrastructure, but controls the operating systems, memory, applications and possibly, to a limited extent, some network components (such as firewalls).

ICT (Information and Communication Technology)

The set of methods and technologies which form information transmission, reception and processing systems.

IEEE (Institute of Electrical and Electronics Engineers)

This international association of professional scientists aims to promote technological science and the research of new applications and theories in electrotechnical, electronic, computer, biomedical and telecommunications science. The Institute also defines and publishes standards in these fields.

IETF (Internet Engineering Task Force)

The IETF is an internet standardization organization that is responsible for the technical standards that constitute the Internet Protocol Suite (TCP/IP).

IMS (IP Multimedia Subsystem)

The architecture for the creation of IP Multimedia services (i.e. voice/video/text/etc. communications over IP networks). It includes all network elements relating to reporting and media flow processing.

IMSI (International Mobile Subscriber Identity)

A globally unique identifier linked to a SIM card.

Unavailability (U)

The likelihood that an object will be unable to perform a required function under certain operating conditions and at a given instant in time.

Artificial Intelligence

The ability of a technological system to solve problems and carry out tasks and activities typical of the human mind and behavior. In the field of IT, this discipline is concerned with creating machinery (hardware and software) that is capable of "acting" autonomously (solving problems, performing actions, etc.).

Generative Artificial Intelligence

This term refers to *Deep Learning* models capable of generating high-quality texts, images and other content based on the data they have been trained on.

Interconnection

The physical and logical connection of different operators' public communication networks, aimed at allowing the users of one operator to communicate with the users of the same or another operator, or to access the services offered by another operator.

Internet

The global interconnection network between computer networks of different natures and extensions, which is made possible by a suite of common network protocols (TCP/IP) that constitute a common “language” with which connected computers (hosts) connect and communicate with each other.

Internet of Things

This extends the internet to the world of objects (devices, equipment, plants and systems), which become recognizable and acquire intelligence precisely because they can communicate data about themselves and access aggregated information from others. This has many fields of application: from industrial applications (production processes), to logistics and infomobility, and to energy efficiency, remote assistance and environmental protection.

IP (Internet Protocol)

The packet-switching data transmission protocol used to transmit data on both private and public networks, in particular on the internet.

IPCC (IP Contact Center)

See DCC.

IP/MPLS (Internet Protocol/Multi Protocol Label Switching)

A packet-switching protocol which optimizes network performance by mapping end-to-end (IP) data flow to the traffic between adjacent network nodes (MPLS).

IPTV (Internet Protocol Television)

Technology that uses IP transport infrastructure to convey television content in digital format through a broadband internet connection.

ISDN (Integrated Services Digital Network)

A digital telecommunications system that allows different services (e.g. voice and data) to be transmitted end to end in digital form. The first technical definition of ISDN, which involves different components of networks, dates back to the ITU-T recommendations, Series I of 1984.

ISO (International Organization for Standardization)

The world's leading organization for the definition of technical standards.

ISPs (Internet Service Provider)

A company that sells services to access the internet and World Wide Web.

ITU (International Telecommunication Union)

An international organization that defines telecommunications and radio wave standards. Founded in 1865 in Paris, it is a specialized agency of the United Nations and its current headquarters are in Geneva.

J2C (Journey to Cloud)

A transition that aims to migrate business resources to the *cloud*, allowing reductions in IT costs and greenhouse gas emissions, improvements in *business* results and a quicker pace of innovation.

Jitter

The variation in one or more signal characteristics, such as amplitude, frequency, phase or transmission delay.

KPI (Key Performance Indicator)

Measurable performance indicators which allow us to evaluate the performance of a given activity.

KVAR (Kilovolt–Amperes Reactive)

A measurement system, expressed in kilovolts, for measuring the electrical current lost in an AC electrical system.

Kubernetes

An open source container orchestration platform, allowing scaled container management.

LAN (Local Area Network)

A computer network that covers a limited geographical area (e.g. a school or a company) and provides telecommunication services and interconnection between terminals (e.g. PCs).

Lambda

The single optical channel on which the signal is transmitted over fiber optic networks.

Latency

The latency of a system can be defined as the interval of time that elapses between the moment when an input reaches the system and the moment when its output is available. In other words, latency is simply a measure of a system's response speed.

LCA (Life Cycle Analysis)

An analytical methodology for assessing and quantifying the environmental impacts associated with a product/process/activity throughout its entire life cycle, from the extraction and acquisition of raw materials to recycling.

Local Aggregator (LA)

Carrier class IP routers that collect and concentrate fixed and mobile network traffic and commercial local traffic for a number of Central Areas. The traffic collected by the local aggregators is delivered in double homing mode to Metro nodes on physically diversified routes.

LLM (Large Language Model)

A type of Artificial Intelligence algorithm that uses deep learning techniques and large data sets to understand, summarize, generate and predict new content.

LLU (Local Loop Unbundling)

The service that allows telephone operators other than Telecom Italia to rent the final part of the telephone wire pair, that is, the copper cable that connects the Telecom Italia unit to the user location.

Local Loop (Telephone Pair)

The pair of copper wires through which a home or office connects to a telecommunications network; This is the traditional technology for creating telephone access lines and is often called the 'last mile'.

LPWAN (Low-Power Wide Area Network)

A type of wireless telecommunication geographic network designed to allow long-range, low-bitrate communication between connected battery-powered objects, such as sensors.

LTE (Long Term Evolution)

See 4G.

Machine Learning

The ability of computers to learn without having been explicitly and previously programmed.

MBB (Mobile Broadband)

The mobile broadband data service available on a 3G/4G-LTE network.

MEC (Multi-access Edge Computing)

Technology that allows edge devices, such as smartphones and IoT devices, to process data closer to the source, reducing latency and improving performance.

ETSI MEC (Mobile Edge Computing)

A specific type of edge computing, standardized by ETSI, designed to meet the needs of mobile network operators and their subscribers, providing low latency and high bandwidth services to mobile devices.

MEMS (Micro Electro-Mechanical Systems)

Miniature devices ranging from a few micrometers to a few millimeters in size which perform detection, processing and implementation functions using electronic, mechanical, optical, chemical or biological components, usually integrated on a hybrid silicon circuit.

MGCP (Media Gateway Control Protocol)

A signaling protocol that allows the management of multimedia functions and telephony conversion between traditional telephone networks and VoIP services.

MGW (Media Gateway)

A device that processes different voice, data and video connections by adapting their encodings between different technologies and protocols (e.g. from circuit to packet).

Meter (M)

Carrier class IP routers that collect and concentrate fixed and mobile network traffic and commercial traffic for the MAN area.

Microservices

When the term microservices is used in modern software application development, it refers to a specific architectural model for developing a single application as a suite of small services, each identified as a specialized processing process (e.g. a web server, a storage application, etc.) capable of communicating with fast and streamlined mechanisms, often based on API interfaces for describing HTTP resources. These services provide capabilities for developing a company's business and are particularly suitable for creating software products using agile methodologies; each microservice can be created and managed independently using fully automated implementation algorithms, thus ensuring maximum flexibility in the development and maintenance of applications.

Midhauling

Within the functional division of a Base Station, this refers to the interface between the Distributed Unit (DU) and the Central Unit (CU).

MIMO (Multiple Input Multiple Output)

A set of techniques aimed at increasing the overall radio access band by simultaneous transmitting two (or more) data signals on two (or more) placed antennas, using the same frequency resources. The receiving side, also equipped with two or more antennas, is able to discriminate between the different data signals by leveraging the differences in time and direction of arrival of the simultaneous signals, which are caused by their propagation on multiple paths. In fact, multipath radio wave propagation (i.e. the fact that a signal from point A reaches point B through multiple paths due to reflections and dispersions caused by objects such as buildings and trees), once seen as a disturbance, is a natural phenomenon in radio communications. On the other hand, MIMO techniques exploit this multiplicity of paths (using appropriate signal encodings) to increase capacity.

mMTC (Massive Machine Type Communication)

Also known as MMC (Massive Machine Communication) communication, this type of communication occurs between a huge number of machines over a *wireless* network on which data generation, information exchange and implementation takes place with little or no human intervention.

mmWave (millimeter Wave)

Millimeter waves (often referred to as high-band 5G) are frequencies that start at 24 GHz and above. As radio waves increase in frequency, each wave shrinks in length. Because of their high frequencies, mmWaves have a limited range and struggle to penetrate buildings, but they have a high carrying capacity.

MPEG (Moving Picture Experts Group)

A joint technical committee set up by international organizations ISO and IEC in 1988. It was created with the aim of defining standards for the digital representation of audio, video and other types of multimedia content to satisfy a wide variety of applications.

MR (Mixed Reality)

Augmented reality (AR) with special visors to allow hands-free use.

MSC (MoVile Swiching Center)

A mobile network node that performs switching and control functions, such as call management, traffic switching, billing, registration and authentication, acting as an interface with other networks.

Multimedia

A service or product that entails the simultaneous and interactive use of two or more mutually-integrating communication media (e.g. voice, video, text, etc.).

Multicast ABR (Multicast Adaptive Bit Rate)

This technology encodes multicast video traffic into different streams at different bitrates according to the channel conditions, making it possible to optimize user enjoyment and the use of network resources.

MVNO (Mobile Virtual Network Operator)

A mobile communication service provider that does not own the radio spectrum or network infrastructure, but leases them from a third-party operator.

NaaS (Network as a Service)

The provision of virtual network services by a network provider to a third party, such as a service provider that is not equipped with geographically infrastructured network resources, or a medium/large customer who requires basic or advanced connectivity resources on a public or shared network infrastructure. Some examples of NaaS-model services are VPNs (virtual private networks), dynamic bandwidth (BoD) services and mobile network virtualization. The spread of NaaS offerings today is increasingly supported by flexible network virtualization models and the use of network programming and automation technologies such as SDN (*software* defined networking).

Naked

“Naked line” refers to a copper access line devoid (hence *naked*) of a voice service. This line is dedicated exclusively to data services.

NB IoT (NarrowBand Internet of Things)

A 3GPP specification that enables the Internet of Things by optimising narrowband radio access with a view to applying LTE technology to sensor networks. It provides a few small messages per day, a large coverage range to reach basement meters, a very long battery life (10-year target), tens of thousands of connections per cell and a very low module cost.

NEF Network Exposure Function

The NEF (Network Exposure Function) is related to 3GPP 5G architecture. This function provides a means to securely expose the services and capabilities provided by 3GPP network functions.

Net Neutrality

The principle that internet service providers must treat all data equally and must not discriminate or implement different charges according to the user, content, website, platform, application, type of equipment, or method of communication.

NAT (Network Address Translation)

A technique used to map the IP addresses of devices on a private network to a single public IP address so as to optimize the use of IP addresses and ensure security.

Network

A system of interconnected elements. In a telecommunications network, customer voice and data service management devices and equipment are connected through a transmission system that uses optical fiber, metal cables or radio connections.

Network Cap

See *Price cap*.

Network Slicing

When referring to 5G: the creation of multiple ad hoc logical networks segregated on the same physical network infrastructure. Each "slice" is an isolated end-to-end network tailored to meet the different requirements of a particular application.

Neural network

A type of machine learning algorithm that is modeled on the structure and function of the human brain.

NFT (Non-Fungible Token)

"Digital certificates" supported by *blockchain* technology, which aim to identify ownership of a digital product in a unique, irreplaceable and non-replicable way.

NFV (Network Function Virtualization)

The NFV paradigm allows both fixed and mobile network functions to become software applications, called VNFs (virtual network functions), which the operator can instantiate on commercial servers, thus leveraging virtualization technologies and splitting the link between hardware and software present in today's devices.

NGAN (New Generation Access Network)

A fixed access network built with different technological solutions, ranging from evolved ADSL to optical fiber in the user's home (see FTTx).

NGDC (Next Generation Data Center)

A data center that uses physical concentration and server virtualization with the aim of reducing maintenance and management costs and energy consumption and improving their efficiency.

NGN (Next Generation Network)

The next-generation network created by Telecom Italia to meet the demands of industry, public administration and the general public. The new network architecture guarantees infrastructure that serves a variety of offerings to increase the levels of customization and bandwidth availability, together with a wide variety of access systems.

NGNs (Non-Geographic Numbers)

Telephone numbers not associated with a particular geographical location (for example, higher rate services, toll-free number, directory assistance services).

NG-RAN (Next Generation Radio Access Network)

An access network that includes NR (new radio) access technology.

Node

Generically indicates a communication and processing element within a network.

Node B (corresponds to BTS in GSM)

The base radio station in UMTS technology which, via the antenna, sends a radio signal to cover a cell (generally 3 cells per Node B). It also performs functions that are closely associated with managing the radio connection.

N-Play Offering

Customer offerings that include two or more fixed and mobile services in a single rate: voice, connectivity and data traffic, video and TV services, value-added services (e.g. gaming).

NYSE

The New York Stock Exchange.

OAM (Operation, Administration and Maintenance)

The set of processes, activities, systems and standards involved in the operation, administration, and maintenance of a system.

OAO (Other Authorised Operator)

Operators other than the dominant operator, which provide services to their customers using the dominant operator's fixed access network.

ODF (Optical Distribution Frame)

A frame used to provide cable interconnections between communication structures, which can integrate fiber splicing, fiber termination, fiber optic adapters and connectors, and cable connections together in a single unit.

OHSAS (Occupational Health and Safety Assessment Series)

The international standard that sets out the requirements that a management system must have to protect the safety and health of workers.

OLOs (Other Licensed Operators)

Operators operating in the national telecommunications services market other than the dominant operator.

OLT (Optical Line Termination)

The optical element of the PON (Passive Optical Network) network, which acts as an interface between the PON itself and the backbone network. The OLT is located at the central office location.

ONAP (Open Network Automation Platform)

The open source framework from the Linux Foundation, designed for the orchestration, management, and automation of edge computing networks and services.

ONT (Optical Network Termination)

The optical element of the PON (Passive Optical Network) network, which acts as an interface between the access gateway at the customer's home and the OLT device in the central office. The OLT is located at the customer's location, is powered, receives and deciphers (and vice versa) the optical signal, and converts it into an electrical signal (through an Ethernet output) that can be received by the access gateway.

ONU (Optical Network Unit)

Optical element of the Passive Optical Network *(*PON) that acts as an interface to the user access device or distribution network to the users. The ONU is located in a distribution cabinet.

OPC (Optical Packet Core)

The national multiservice IP transport backbone (formerly called Optical Packet Backbone - OPB). It consists of interconnected nodes called OPC (formerly OPB) nodes and the very high capacity connections existing between them.

OPM (Optical Packet Metro)

A metro-regional collection network that provides Ethernet and IP connectivity for fixed and mobile network traffic, as well as for Retail or Wholesale customers. It consists of IP routers distributed on three hierarchical tiers of aggregation: Remote Feeder, Feeder and Metro. These are interconnected in double homing mode through physically diversified two-way links (where possible).

Open Source

Refers to software whose rights holders make the source code public, encouraging it to be freely studied and allowing independent programmers to make modifications and extensions to it.

OTT (Over the Top) Operators

Operators offering content and services over the Internet without having ownership of the telecommunications network infrastructure.

ORAN (Open Radio Access Network)

Also known as Open RAN, this architecture is used to create virtualized RAN on open hardware, with AI-based integrated radio control. The architecture is based on well-defined, standardized interfaces to allow an open and interoperable supply chain ecosystem, fully supporting and complementary to the standards promoted by 3GPP and other industry standards organizations.

OSS (Operations Support System)

Methods, procedures (automated and non-automated) and systems that directly support the function and operation of telecommunications infrastructure.

OTN (Optical Transport Network)

A technology developed to enable the multiplication of digital signals which are to be carried over WDM links and to obtain OAM performance of these signals similar to those available in SDH.

This allows a better use of WDM connections, making it possible to insert high-speed signals (e.g. 100 Gb/s) on lambdas that can contain more lower-speed signals (e.g. 10 Gb/s) rather than having a dedicated lambda for each lower-speed signal.

Outsourcing

Entrusting external parties to carry out business services and processes. Services that can be outsourced include the design, construction or hosting of a network or of specific equipment belonging to a company and, ultimately, the management of the entire telecommunications system.

PaaS (Platform as a Service)

One of the three cloud service models offered. With a PaaS offering from a cloud provider, the consumer is able to distribute self-created applications or applications acquired by third parties on the cloud infrastructure using programming languages, libraries, services and tools supported by the provider. The consumer does not manage or control the underlying *cloud* infrastructure, including the network, *server,* operating systems, memory, but has control over the applications and possibly over the hosting environment configurations.

Packet-Switched Services

Data services that use packet switching.

Pay-Per-View (PPV)

System in which the spectator pays to see a single programme (such as a sporting event, film or concert) at the time of its broadcast.

Pay TV

Pay television channels.

PBX (Private Branch Exchange)

Equipment for private telephone networks (also called Switchboard)

PCS (Personal Communications Services)

A set of wireless voice and/or data communication capabilities, which provide services similar to mobile phone services.

PDH (Plesiochronous Digital Hierarchy)

A telecommunications network transmission technology (first standardised under ITU in 1988) designed to transport large volumes of data through large scale digital networks.

PE (Provider Edge router)

The boundary device between a service provider's local network and that of a customer.

Peering

The voluntary interconnection between internet networks, belonging to different and administratively distinct internet service providers, which allows users to exchange traffic between networks.

Market Penetration

The number of people (or subscribers) who buy a particular brand or category of good/service as a portion of the total population for which the service is available.

NRRP (National Recovery and Resilience Plan)

Platform

A running environment that includes hardware and software, applications and other tools to support the running of programs.

PNF (Physical Network Function)

A network function on physical HW that is hosted in Telco locations: static capacity, management via Element Manager.

PKI (Public Key Infrastructure)

A system used to manage digital certificates and public-private key pairs, and to protect electronic communications and transactions.

PoC (Proof of Concept)

Also known as proof of principle, PoC is the realization of a particular method or idea to demonstrate its viability, or an in-principle demonstration aimed at verifying that a particular concept or theory has practical potential.

PON (Passive Optical Network)

The optical network usually used for point-to-multipoint architectures in which no elements or devices play an “active” role in the section connecting the housing unit to the power plant; in other words, there are no devices that require electrical supply.

POP (Point Of Presence)

A network access point (router), provided by an internet service provider (ISP) that is capable of routing traffic to the end users connected to it.

POTS (Plain Old Telephone Service)

È il servizio di telefonia tradizionale (linea telefonica per la voce, servizi di telefonia fissa e accesso alla rete di telefonia vocale pubblica).

Price-Cap

Identifies the maximum price limit established by the regulator at which a service/product can be sold.

PSTN (Public Switched Telephone Network)

The first-generation telephone network to provide a basic telephone service (see also RTG).

PTN (Packet Transport Network)

An equipment class that natively implements SDH and Ethernet technologies; in other words, it is able to carry and switch both of these two types of traffic separately. It is used to connect smaller, peripheral central offices to larger offices; this case of use occurs where alongside packet traffic (e.g. backhauling of mobile sites and broadband access) there is also circuit traffic (e.g. telephony, 2G backhauling).

QoE (Quality of Experience)

Also abbreviated to QoX, this is a measure of the overall level of customer satisfaction. QoE expresses user satisfaction both objectively and subjectively. The QoE paradigm can be applied to any service and product provided to the consumer.

QoS (Quality of Service)

A description or measurement of the overall performance of a service, such as a telephone or computer network, or a cloud computing service, in particular the performance seen by network users. To quantitatively measure QoS, several interrelated aspects of network service are often taken into account, such as packet loss, bit rate, throughput, transmission delay, availability, jitter, etc.

QKD (Quantum Key Distribution) – QKE (Quantum Key Exchange)

Quantum key distribution (QKD) is a quantum mechanics system used to ensuring secure communications. It enables two parties to produce and share a random secret key only between each other, which they can use to encrypt and decrypt their messages. This exchange takes place by leveraging the quantum properties of photons. An important and unique property of quantum distribution is the ability of two communicating users to detect the presence of a third party trying to obtain information about the key, since a measurement process in a quantum system generally disturbs the system.

WEEE (Waste from Electrical and Electronic Equipment)

The electrical/electronic equipment that the owner intends to dispose of because it is broken, unused, or obsolete.

RAN (Radio Access Network)

The part of the mobile network that implements radio technologies, including both radio-interface data transport functions and control functions.

RAN Sharing

The most complete form of sharing the access network. It involves sharing all equipment in the access network, including antenna equipment, towers, and backhauls. Each of the RAN access networks is embedded in a single network, which is then split into separate networks at the core connection point.

Refarming

The reassignment of a mobile network operator's frequency band from one technology to another for optimization reasons (e.g. UMTS900 instead of GSM900 or LTE1800 instead of GSM1800).

Remote Unit (RU)

A logical node hosting the Low-PHY protocol layer and RF processing based on a lower layer functional split.

RNC (Radio Network Controller)

Devices (or nodes) that have the function of controlling radio resources within the 3G network.

ROADM (Reconfigurable Optical Add-Drop Multiplexer)

A remotely reconfigurable optical multiplier capable of switching traffic in a WDM (Wavelength-Division Multiplexing) system. Its use in a transmission network increases transport efficiency by allowing up to 90 high-bitrate channels (now up to 200Gbit/s) to be transported on a single fiber pair.

Roaming

An agreement between two or more mobile telephone operators, operating in the same territory or in different countries, whereby users subscribed to one operator can use the network of other operators.

The roaming service is activated, for example, when the terminal is used abroad, enabling a mobile radio user to access a network other than the one to which they are subscribed.

OSB (Optical Splitter for Buildings)

Passive optical device of the PON (Passive Optical Network), which splits an optical fiber entering the network into several fibers going out to property units or distributes incoming and outgoing fibers to lend flexibility to the optical network. It is installed a few meters from the home: it is often found in the building's meter room, but can also be mounted on an external wall, underground or inserted into a distributor.

RoHS (Restriction of Hazardous Substances)

European Directive No. 95 of 2002, which establishes rules restricting the use of dangerous substances in electrical and electronic equipment to contribute to the protection of human health and the environment.

RPA (Robotic Process Automation)

The automation, using software (robots), of repetitive tasks performed by human operators.

RTG (*Rete Telefonica Generale*)

Known in English as PSTN (Public Switched Telephone Network), this first-generation telephone network provided basic telephone services (see also PSTN).

SaaS (Software as a Service)

A cloud service model (see also Cloud), the SaaS (Software as a Service) model expresses the right given to a consumer to use a supplier's applications and services operating on a cloud infrastructure. The applications are accessible from different devices through a lightweight interface (thin client), such as an email application in a browser, or from programs equipped with a special interface. The consumer does not manage or control the underlying cloud infrastructure, including the network, server, operating systems, memory, or even the capabilities of individual applications, with the possible exception of limited configurations intended for the consumer (parameterization).

SAR (Specific Absorption Rate)

Expresses the measurement of the percentage of electromagnetic energy absorbed by the human body when it is exposed to the action of a radio frequency (RF) electromagnetic field. See also EMF (Electromagnetic Field exposure limits).

SCEF (Service Capabilities Exposure Function)

Introduced in version 13 (LTE) of the 3GPP specifications, this function was designed to provide a means of securely displaying the services and functionality provided by 3GPP network interfaces.

SDH (Synchronous Digital Hierarchy)

A physical layer protocol (i.e. a transport protocol) used for time division multiplexing and the subsequent digital transmission of telephony and data in geographical telecommunications networks over optical fiber, electrical cable or radio bridge. Networks that use this physical layer protocol are called SDH networks.

SDK (Software Development Kit)

SDK is a collection of software development tools in an installable package to facilitate the creation of applications.

SDN (Software Defined Networking)

A network virtualization based paradigm that aims to transform traditional networks into flexible and intelligent platforms to respond in real time to bandwidth needs and the dynamic nature of modern applications.

SD WAN (Software Defined WAN)

In the field of networking, SD-WAN (Software Defined WAN) solutions represent an innovation of traditional Wide Area Network solutions and Edge IP Networking, developed to offer advanced connectivity services aimed at business customers. SD-WAN solutions work agnostically from access and WAN transport network technology, using dynamic application-based data routing strongly integrated with Multi-Cloud solutions to link certain value-added services such as WAN optimization, application monitoring and advanced security to connectivity.

Service Discovery

The process of finding and identifying the location of a service, typically performed using a service record or naming service.

Service Exposure

Infrastructure for the exposure of API (Application Programming Interface) functions both to third parties (e.g. business partners) and for internal use.

Service Mesh

A configurable infrastructure layer for applying microservices, which makes communication between service instances flexible, reliable, and fast.

Service Orchestration

Refers to a single, centralized business process runnable through an orchestrator (e.g. a software platform), which coordinates the interaction between various services and is responsible for their invocation and composition, as well as for the management of transactions between individual services. Service Orchestration is often compared to Service Choreography, which instead creates a decentralized approach to service composition, where each of the services that participate in the choreography implement a self-consistent process/workflow.

Service Provider

Someone who offers users (residential or business) a range of content or services under a supply contract.

Universal Service

The guarantee given to all users from a national territory (regardless of their geographical location) that they will be able to use certain electronic communications services at a pre-established quality level and at an affordable price, as an expression and practical application of a fundamental citizen right.

SIP Trunking (Session Initiation Protocol Trunking)

A service offered by a communication service provider that uses the protocol to provide Voice over IP (VoIP) connectivity between a local telephone system and the public switched telephone network (PSTN). SIP is used to connect, manage and terminate a call.

SLA (Service Level Agreement)

Contractual tools which define the service metrics (e.g. quality of service) that must be respected by a service provider (provider) towards its customers/users.

Small Cell

Low-energy nodes for accessing the radio spectrum. Smaller than the antennae usually used in mobile telephony, these can be used both to cover outdoor areas (squares, pedestrian streets, etc.) and to cover indoor hot spots (airports, stadiums, shopping malls, stations, hospitals, university campuses, etc.).

Urban Group Stage (UGS)

Local switching center for telephone traffic transport, routing and transmission. See also *Central Office*.

Line Stage (LS)

See *Central Office*.

Shared Access

The provision of access to only the upper portion of the spectrum available on the access operator's local copper network to allow the provision of broadband services.

SLU (Sub Loop Unbundling)

The provision of access to the Operator's local copper subnet (i.e. to the portion of the network between the user's location and the distribution cabinet or an intermediate concentration point).

SME (Small Medium Enterprise)

The market segment of small and medium-sized businesses that have between 3 and 50 employees.

Smart City

Refers to an urban area that uses integrated ICT technologies to optimize resources in key areas: mobility, communication, economy, work, environment, administration and construction. From an infrastructural point of view, the networked use of available resources improves economic and political efficiency and can facilitate social, cultural and urban development.

Smartphone

An electronic device that combines the functions of a mobile phone and those of a handheld computer equipped with a full operating system.

Smart TV

The new generation of televisions which allow users to enjoy audio-video multimedia content (movies, TV series, music videos, gaming, etc.) through an internet connection.

SMS (Short Message Service)

Short text messages that can be sent and received on mobile phones connected to GSM networks. The maximum text length is 160 alphanumeric characters.

SOHO (Small Office / Home Office)

A market segment consisting of small businesses that use telephone lines, instead of dedicated lines, for internet connections. These are small businesses, generally with one or two employees, and businesses conducted from home.

SON (Self-Organizing Network)

A set of technologies and architectures which, in the area of mobile radio networks, allow Operators to introduce technological enablers for the automation of the network configuration, optimization and assurance processes.

Optical Splitter

A passive element of the optical network used to create point-to-multipoint optical networks. The optical splitter receives a single optical fiber at the input (OLT side) and outputs N signals on N optical fibers (1:N splitting factor). In the downstream direction (from OLT to ONT), the splitter “copies” the input light onto the output optical fibers, thus dividing the light power by N. In the upstream direction (from ONT to OLT), the splitter r aggregates the light contributions carried by the N optical fibers.

Switch

- Telephone switch: a synonym for Central Office (i.e. equipment used to establish and direct telephone calls to a number called through other Central Offices). They may also record information for billing and control purposes;
- Network switch: data network devices capable of receiving and forwarding packets using level 2 information on the OSI model (i.e. hardware addresses of other devices).

Synchronous

A type of data transmission in which there is permanent synchronization between the transmitter and the receiver.

STB (Set-Top Box)

A user device capable of receiving TV signals from a communication network (such as broadband/ultrabroadband access networks, terrestrial TV broadcasting, satellite TV broadcasting, etc.) and sending them to TV devices or other display devices (monitors, projectors, etc.) It may include Conditional Access functions to manage paid content.

Tablet

Small laptop computer where it is possible to write or give commands on the screen with the touch of your fingers or with a special stylus.

RLP (Remote Line Powering)

Technique to power road equipment (such as ultra-broadband devices placed in the splitting cabinets of Fiber to the Cabinet architecture) from the Central Office.

TCO (Total Cost of Ownership)

The overall cost of an asset (e.g. computer equipment) across its lifecycle. The TCO includes both direct costs (hardware costs, network infrastructure, licenses) and indirect costs (management, maintenance, energy consumption).

TDD (Time Division Duplexing)

TDD (Time Division Duplex) refers to duplex communication links where uplink is separated from downlink by allocating different time intervals in the same frequency band. It is a transmission scheme that allows an asymmetric flow for the transmission of data upstream and downstream. Users are assigned time frames for uplink and downlink transmission.

TDMA (Time Division Multiple Access)

Technology for the digital transmission of radio signals, such as between a mobile phone and a base radio station. TDMA technology divides signals into sequential parts of a defined length, placing each part in a specific interval information channel and then recomposing the parts at the end of the channel.

TIC (Transparent Internet Caching)

A special form of network caching that is transparent to both the requestor and the requestee. The TIC transparently intercepts the content request and delivers the requested content if its cache has a copy.

TM Forum (TeleManagement Forum)

A global industry association of more than 850 companies that collaborate to reduce technological and cultural barriers between digital service providers and their technology and service providers, system integrators, and consultants in the telecommunications sector.

ToIP (Telephony over IP)

Often used synonymously with VoIP, this term, however, has a broader meaning as it includes advanced telephony services (such as video, messaging and call processing services, etc.) in addition to basic voice calling.

Analog Transmission

A method of transmitting voice, data, image, or video information using a continuous signal that varies in amplitude, phase, or other properties, in proportion that of a variable. One example is the transfer of a source signal using an analog modulation method such as frequency modulation (FM) or amplitude modulation (AM), or no modulation at all. In Telco networks, analog transmission has commonly been replaced by digital transmission technologies.

TRX

Radio transmitters located in BTS.

TTM (Time-To-Market)

The total time needed to bring a product its conception to its availability on the market. Companies use time-to-market metrics when developing and introducing new products to achieve first-mover advantages (e.g. market share, sales revenue).

UMTS (Universal Mobile Telecommunications System)

See 3G.

Unbundling

The service that allows telephone operators other than Telecom Italia to rent the final part of the telephone wire pair, that is, the copper cable that connects the Telecom Italia unit to the user location by disconnecting it from Telecom devices and connecting it to their own.

UPF 5G (User Plane Function)

The 5G User Plane Function (UPF) is a fundamental component of the architecture of the 3GPP's New Radio (NR) mobile core infrastructure system. UPF is the evolution of the data plan for a Control and User Plane (CUPS) separation strategy, introduced for the first time by 3GPP in their Release 14 specifications as an extension of the existing 4G/LTE EPC (Evolved Packet Core).

UPS

Uninterruptible power supply.

URLLC (Ultra-Reliable Low-Latency Communication)

A set of features that offer low latency and very high reliability for mission-critical applications such as the industrial internet, smart grids, remote surgery, and vRAN intelligent transport systems.

V2X (Vehicle-to-Everything)

A technology that allows vehicles to communicate with other vehicles, infrastructures and devices in order to improve safety, traffic efficiency and overall mobility.

VAS (Value-Added Services)

Services that provide customers with additional functions compared to the basic services offered by a telecommunications network. In first-generation telephony (PSTN) and mobile networks, telephony (switched voice communications, first analog then digital) was considered a basic service, while VAS could include either data transmission and fax services or call processing services (e.g. call waiting, call forwarding, etc.).

Subsequently, call processing based VAS expanded with additional features such as toll-free numbers, virtual private phone networks, etc. A new class of VAS developed over mobile networks, including messaging services such as SMS and MMS. In parallel, the development of data networks has led data transmission services (e.g. initially X25, then Frame Relay, ATM, Ethernet, IP) to be considered basic services for these networks, for which VASs can include address translation, virtual lines and virtual data networks, traffic prioritization, encryption, etc.

Another area of VAS concerns content provided by certified network service providers, from services provided over the telephone network to content provided via SMS (news, weather, etc.) and then from content consumable via mobile and fixed browsing to video content streaming.

VDSL (Very-high-data-rate Digital Subscriber Line)

Access technology that makes it possible to provide the customer, through a special device installed in the house (VDSL modem) with voice and TV services over a traditional telephone pair at downstream speeds of up to 50 megabits per second.

VDSL2 (Very-high-data-rate Digital Subscriber Line 2)

“2nd generation” VDSL, which is capable of reaching peak downstream speeds in the order of hundreds of Megabits per second. The actual speed depends on the distance between the customer's device and the network device; for example, at a distance of a few hundred meters, the attainable speed is about 100 megabits per second. For this reason, network devices are typically placed in splitting cabinets so as to be closer to the customer. An evolution of VDSL2 called eVDSL (enhanced VDSL) enables effective speeds of about 200 megabits per second. This has recently been deployed in the TIM network.

Vectoring

Transmission technology that eliminates mutual interference (crosstalk) between copper lines embedded in the same cable. Of particular interest is the use on VDSL/VDSL2/eVDSL lines given the increasing penetration of ultrabroadband services, which would make interference more sensitive. From this perspective, vectoring makes it possible to maintain the typical performance of the above-mentioned technologies. The technology is located in ONU equipment where, to be effective, it must be applied to all lines of a given cable; therefore, in the case of SLU (Sub Loop Unbundling) - i.e. where the ONUs of several operators deploy the lines of a given cable - a more complex implementation is necessary,: MOV (Multi-Operator Vectoring), which coordinates the vectoring of the various ONUs.

Virtualization

A function implementation approach which uses only software that can be run on commercial, generally non-dedicated hardware, as opposed to approaches that also use specialized and/or dedicated hardware.

Virtual Machine (VM)

Software which, through a virtualization process, creates a virtual environment that typically emulates the behavior of a physical machine without the underlying hardware that allows organizations to scale processing power, test malware and develop software.

VLAN (Virtual Local Area Network)

A virtualized connection that connects multiple devices and network nodes from different LANs in a logical network.

VLR (Visitor Location Register)

A database used in mobile networks to temporarily store subscriber information and track the location of mobile devices when they are active.

VNF (Virtual Network Function)

The virtualized network function on HW COTS (Commercial Off The Shelf) is hosted at Telco Data Center with flexible capacity, use of a Virtual Machine and manual or automatic Life Cycle Management.

VOD (Video On Demand)

The provision of television programs on the user's demand in exchange payment of a subscription or a fee for each programme (e.g. a movie or football match) purchased. This is particularly widespread for satellite television and cable TV. Possible payment models are: SVOD (subscription to a VOD catalog) and TVOD (payment for a single content viewed).

VoIP (Voice Over IP)

Technology that enables a telephone conversation to be conducted using an Internet connection or other dedicated network using the IP protocol, instead of going through the normal telephone transmission line.

VoLTE/ViLTE (Voice over LTE/Video over LTE)

A service that provides voice and video calls over IP through LTE radio access, controlled by the standard ToIP architecture called IMS (*IP Multimedia Subsystem*). VoLTE/ViLTE are defined together because the service is essentially the same for voice and video, differing only in the type of media streams that are established. As a standards-based service, it achieves interoperability between user terminals and between the user terminals and networks.

VonR (Voice Over New Radio)

A service that provides Voice over IP calls through New Radio radio access.

VPN (Virtual Private Network)

A network designed for a business customer or public body, using the infrastructure of a carrier providing customised services, which operates in such a way as to appear dedicated to that specific user.

VR (Virtual Reality)

The use of computer technology to create a simulated environment that can be explored at 360 degrees. Unlike traditional interfaces, virtual reality places the user within the virtual environment, offering an experience with different degrees of immersion depending on the device used.

VRAN (Virtual Radio Access Network)

An architecture applied in 4G/5G networks that requires the Base Station to be divided into two parts: a Centralized Unit and a Remote or Distributed Unit. The former is typically placed in a more centralized site than the antenna sites and performs baseband signal processing, causing it to be known as BBU (BaseBand Unit), whereas the latter, which remains at the antenna site to provide radio coverage, is also known as RRU (Remote Radio Unit). Given this division, the Centralized Unit can be implemented as a Virtual Network Function on an appropriate hardware infrastructure: hence the “virtual” header.

A fundamental aspect to make this architecture practical is the choice to split the Base Station functions between Centralized and Distributed Units, which impacts the connection requirements between CU and DU (midhaul). In 5G evolutions, this aspect has been addressed by identifying splitting options that are candidates to be standardized.

VULA (Virtual Unbundling Local Access)

A wholesale service offered by the dominant operator to alternative operators, whereby the former provides the latter with data traffic transportation on its broadband access network (“bit streams”) between end customers and the interconnection point where the alternative operator receives the traffic. In the specific case of Telecom Italia, the interconnection point is located at the Local Central Office, next to the OLT (*Optical Line Termination*), the optical access network termination device.

W3C (World Wide Web Consortium)

The World Wide Web Consortium (W3C) is the leading international organization for standardizing the World Wide Web. The W3C standards define the fundamental parts of what makes the World Wide Web work.

WAN (Wide Area Network)

A private network that covers a large geographical area through the use of public telecommunications services.

WDM (Wavelength Division Multiplexing)

Technology which enables different information flows with distinct and separable wavelengths to be transported on a single optical fiber.

Web Service

A software system designed to support interoperability between different computers on the same network or in a distributed context (see the definition of W3C).

Wi-Fi

Wireless technology for creating data connections in a limited area, generally within a hundred meters, and with speeds of up to tens of Megabits per second. Typical uses are home or office use as an alternative to a wired LAN, or in a public environment to provide internet access, or even to connect devices (e.g. a laptop with an internet-connected smartphone).

WLL (Wireless Local Loop)

The provision of a customer access equivalent (i.e. the connection between the customer location and the central office) using wireless technologies rather than cables.

Wi – Max (Worldwide Interoperability for Microwave Access)

Technology that enables wireless access to broadband telecommunications networks, initially specified to operate over distances of up to tens of kilometers and with speeds in the order of tens of Megabits per second. It was defined by the WiMAX Forum, a worldwide consortium formed in 2001 by the leading fixed and mobile telecommunications companies for the purpose of developing, promoting and testing the interoperability of systems based on IEEE standards.

WLR (Wholesale Line Rental)

A telephone-only wholesale service offered by the dominant operator to alternative operators, whereby the alternative operator obtains a service similar to ULL without the need to install their equipment at Local Central Offices. Technically, this is similar to Carrier Preselection (CPS) and differs commercially in that the end customer is not a subscriber to the dominant operator's access service and does not receive invoices from the latter; this allows alternative operators to provide customers with both access and traffic services and to produce a single invoice for both services.

WTTX (Wireless to the X)

WTTx is a 4G and 4.5G based broadband access solution, which uses wireless to provide fiber-like broadband access for home use.

xDSL (Digital Subscriber Line)

Technology that uses normal telephone lines and encompasses different categories such as ADSL (Asymmetric DSL), HDSL (High-Data-Rate DSL) and VDSL (Very High Bit Rate DSL) and eVDSL (Enhanced Very High Bit Rate DSL). With this technology, the digital signal occupies high frequencies, so the data transfer rate is higher.

XR (eXtended Reality)

The extension of reality using devices that enable AR, VR, MR and all their combinations.

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