HALF-YEAR FINANCIAL REPORT
AT JUNE 30, 2020

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

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INTERIM MANAGEMENT REPORT AT JUNE 30, 2020

BOARD OF DIRECTORS

Chairman	Salvatore Rossi (independent)
Chief Executive Officer and General Manager	Luigi Gubitosi
Directors	Alfredo Altavilla (independent)
	Paola Bonomo (independent)
	Franck Cadoret
	Giuseppina Capaldo (independent)
	Maria Elena Cappello (independent)
	Massimo Ferrari (independent)
	Paola Giannotti de Ponti (independent)
	Marella Moretti (independent)
	Lucia Morselli (independent)
	Dante Roscini (Lead Independent Director)
	Arnaud Roy de Puyfontaine
	Rocco Sabelli (independent)
	Michele Valensise (independent)
Secretary to the Board	Agostino Nuzzolo

BOARD OF STATUTORY AUDITORS

Chairman	Roberto Capone
Acting Auditors	Giulia De Martino
	Anna Doro
	Marco Fazzini
	Francesco Schiavone Panni
Alternate Auditors	Andrea Balelli
	Antonia Coppola
	Franco Dalla Sega
	Laura Fiordelisi

Independent Auditors	EY S.p.A.

HIGHLIGHTS

Cash flow and net financial debt reduction both accelerated in the second quarter. This result is partly due to the successful outcome of the sale of TIM's stake in INWIT, but above all to the important cash flow generated by the ordinary business. In fact, both the rationalisation of the product portfolio and a more disciplined commercial conduct which, while leading to a drop in revenues in the short term, produces an increase in cash generation and customer satisfaction, have continued. During the first half, the Customer Satisfaction Index improved by 3% for mobile, 2% for fixed and 1% for Wholesale.

Even during the most intense period of the health emergency, TIM remained fully operational and continued to provide its services, ensuring that the health of its employees was protected and investing in increasing the capacity and coverage of national networks.

Financial results were affected by the effects of the closure of stores on product sales and the reduced roaming traffic to and from abroad. Despite a short-term decline, a positive effect on the group's accounts is expected in the medium to long term following the faster adoption of digital services.

Net financial debt as of 30 June has fallen by 1,697 million euros from the end of 2019, standing at **25,971 million euros, (i.e. 21,095 million euros on an after lease basis). Equity free cash flow** contributed **978** million euros and the remainder is attributable to the partial monetisation of the investment in INWIT which more than offset the payment of 316 million euros in dividends on TIM S.p.A. ordinary and savings shares.

Significant progress was recorded in the implementation **of strategic initiatives:**

- **Fibre network:** The Board of Directors of August 4, 2020 has favourably acknowledged the contents of the project for the separation of the secondary network (including the 80% held by TIM in Flash Fiber) and the partnership with KKR Infrastructure and Fastweb (FiberCop) contained in the binding offer received from KKR Infrastructure.
  The offer of 1.8 billion euros received from KKR Infrastructure is for the purchase of 37.5% of FiberCop on the basis of an enterprise value of approximately 7.7 billion euros (equity value 4.7 billion euros), while Fastweb will have 4.5% of the share capital of FiberCop in exchange for the transfer of the 20% currently held in Flash Fiber.

- **Sale of mobile towers:** agreement finalised with Ardian Infrastructure for the acquisition of a minority stake in the holding company which owns TIM's stake in INWIT and which will remain under the full control of TIM. The transaction is based on a valuation of the INWIT share of 9.47 euros (ex dividend), netting TIM approximately 1.6 billion euros.

- **Partnership for Cloud services:** the partnership with Google Cloud is operational and major clients were won in the first half of the year for the offer of joint services to Italian businesses. TIM and Google Cloud, in partnership with Intesa Sanpaolo, also launched a suite of services to offer advanced technological solutions to facilitate the operations of small and medium-sized enterprises in the lockdown period.

- In **Brazil,** TIM S.A., together with Vivo and Claro, submitted a binding offer of 16.5 billion Reais (2.7 billion euros) for the mobile business of the Oi Group. If accepted, the offer will make the consortium a "stalking horse" in the sale process that will follow during the year.

PERFORMANCE IN THE SECOND QUARTER OF 2020

In the second quarter of 2020, Group's **service revenues** were **3.6** billion euros (-8.2% YoY), while total revenues came to 3.8 billion euros (-10.1% YoY), impacted by the reduced footfall in shops during the lockdown and by the lower tourist flows to and from Italy, which led to lower volumes of roaming traffic.

In Italy, performance in the **mobile** sector is improving with a growth in "calling" lines (active in the last month) compared to the previous quarter (+87,000). This is mainly due to a continuation in the market rationality recovery trend observed in previous quarters and to a greater intensity of retention and loyalty actions towards mobile and converging customers, as well as a slowdown in commercial operations in the lockdown period.

The total number of TIM mobile lines reached 30.5 million at the end of June, in line with the previous quarter, also thanks to an improved disconnection rate (churn 4.0%, -1.3 percentage points compared to the first quarter of 2020).

In the **fixed** sector, the lockdown had an accelerating effect, speeding up the migration of the customer base towards ultrabroadband, also assisted by the greater availability of lines in white areas, in which TIM activated 7,000 cabinets, expanding FTTx access to 1.2 million new properties occupied by families and businesses. In total, 532,000 new ultrabroadband lines were activated, including 219,000 retail ones, almost twice the number in the first quarter (+84%). The total number of Retail and Wholesale **ultrabroadband lines** is therefore **7.9 million** units, up by 24% YoY and 7% on the previous quarter.

In the Business segment, the growth of ICT revenues continues, particularly thanks to the positive contribution of the partnership with Google Cloud and the successful outcome of important negotiations with major customers.

In the **Wholesale Domestic** sector, service revenues increased by 1.3%, benefiting from the new customers gained (positive net balance of 80,000 lines) as well as the continuous migration of customers to ultrabroadband (313,000 net customers gained compared to 240,000 in the first quarter).

In Brazil, the effects of the lockdown led to a 3.4% fall YoY in services revenues. The efficiencies achieved completely absorbed the fall, allowing organic EBITDA to grow by 1.0% YoY.

Group **organic EBITDA** was 1.8 billion euros (margin at 46.1%, +1.8 pp YoY). The decrease (-6.4% YoY) was smaller than the 7.5% YoY drop recorded in the first quarter of 2020, thanks to effective cost containment both in Italy (-13% YoY) and in Brazil, which partially offset the fall in revenues at domestic level and more than offset it in Brazil.

The Domestic Business Unit organic EBITDA was 1.4 billion euros, -7.8% YoY compared to a drop of 11.1% in the first quarter, also thanks to the strong drive to adopt digital services.

EBITDA After Lease was 1.6 billion euros (-6.4% YoY): 1.3 billion euros for the Domestic Business Unit (-7.5% YoY) and 0.3 billion euros for TIM Brasil (-0.5% YoY).

At Group level, investments in the second quarter stood at 655 million euros, down 18.8% YoY, thanks to the efficiencies achieved and the temporary slowdown due to the lockdown.

The **reported net result** attributable to the shareholders of the parent company stood at 118 million euros in the quarter and 678 million euros in the half year (+23% YoY).

Financial highlights of the first half of the year

(millions of euros)		1st Half 2020 (a)	1st Half 2019 (b)	% Change (a-b)	% Change organic excluding non-recurring
Revenues		7,759	8,994	(13.7)	(9.2)
EBITDA	(1)	3,398	4,391	(22.6)	(6.9)
EBITDA Margin		*43.8%*	*48.8%*	*(5.0) pp*	
Organic EBITDA Margin excluding non-recurring		*45.3%*	*44.2%*		*1.1 pp*
EBIT	(1)	1,042	1,887	(44.8)	(18.2)
EBIT Margin		*13.4%*	*21.0%*	*(7.6) pp*	
Organic EBIT Margin excluding non-recurring		*15.1%*	*16.8%*		*(1.7) pp*
Profit (loss) for the period attributable to owners of the Parent		678	551	23.0	
Capital Expenditures & spectrum		1,254	1,481	(15.3)	
		6/30/2020 (a)	12/31/2019 (b)	Change Amount (a-b)	
Adjusted Net Financial Debt	(1)	25,971	27,668	(1,697)	

Financial highlights of the second quarter

(millions of euros)		2nd Quarter 2020 (a)	2nd Quarter 2019 (b)	% Change (a-b)	% Change organic excluding non-recurring
Revenues		3,795	4,523	(16.1)	(10.1)
EBITDA	(1)	1,663	2,445	(32.0)	(6.4)
EBITDA Margin		*43.8%*	*54.1%*	*(10.3) pp*	
Organic EBITDA Margin excluding non-recurring		*46.1%*	*44.3%*		*1.8pp*
EBIT	(1)	509	1,204	(57.7)	(18.2)
EBIT Margin		*13.4%*	*26.6%*	*(13.2) pp*	
Organic EBIT Margin excluding non-recurring		*15.9%*	*17.5%*		*(1.6) pp*
Profit (loss) for the period attributable to owners of the Parent		118	386	(69.4)	

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

TIM'S INITIATIVES TO DEAL WITH THE COVID-19 EMERGENCY

The COVID-19 crisis has revealed just how essential connectivity and digital solutions are in emergency situations to deal with issues such as the physical separation of people, interruption of services, mobility restrictions and the interruption of school and educational services in general. Forced to physically separate by the virus, Italians have discovered that digital connectivity is the key to transforming their way of working, limiting travel to a minimum and complying with the most stringent health and safety standards.

Aware of its leading role in the digitalization of the country, TIM has put in place a series of initiatives to help citizens and institutions during the lockdown and in the progressive reopening phases, with a wide-ranging plan with activities aimed at our staff, institutions, customers and their employees.

The main initiatives are as follows:

- to **accelerate the Italy's digitalization**, new cabinets were switched on allowing 1.2 million new families to access UltraBroadBand connectivity: 7,000 new FTTC cabinets switched on in 1,600 municipalities. Furthermore, with a series of technical activities, which on some routes led to an increase in bandwidth of up to 37%, it was possible to cope with the significant increase in traffic during the period (peaks of up to 89% on the fixed network and up to 44% on the mobile network and an average of + 55% of the volume of fixed data traffic), while ensuring the quality of service remained unchanged;
- Fondazione TIM **donated 1 million euros** to hospitals and medical research institutions, also promoting fundraising among TIM employees;
- over **3,000 devices and SIM cards** were distributed to hospitals involved in the emergency and prisons to facilitate contact with family members and generally encourage communication with the outside; in collaboration with the National Deaf Association over 1,000 devices were supplied for deaf people and equipped with apps to facilitate the use of LIS (Sign Language) and for the real-time translation of messages from voice to text and vice versa;
- in participating in the “Torino City Love” campaign, TIM provided free of charge **innovative digital solutions** to the public to support healthcare, families and the elderly;
- to counteract the **negative lockdown effects** on people, toll-free psychological support numbers have been set up for the public, a help desk for doctors and a special number for donations to the Italian Red Cross;
- with "**Operation Risorgimento Digitale**" **the first large free online school for the spread of digital skills in Italy was established.** Operation Risorgimento Digitale is a large alliance with TIM leading, with companies such as Google, Cisco, NTT Data, Treccani, Confindustria Digitale, Censis, State Police, Telefono Azzurro and many others. To immediately adapt to the needs created by the emergency, the activity was consolidated into distance teaching cycles used by over 700,000 members of the public;
- to ensure **continuity of school education** TIM joined the MIUR #LaScuolaContinua project and together with Cisco, Google, IBM, and WeSchool made platforms and information support available to guarantee distance teaching;
- the initiatives **for people, families and companies** have all been aimed at offering free **connectivity and providing services, such as** remote-working, throughout the emergency period. In this context, over 435,000 offers were activated for consumer customers and approximately 165,000 for business customers;
- in dealing with the exceptional nature of these times, initiatives were also put in place to **support the institutions** involved in the crisis such as the Civil Protection, the Carabinieri Corps, Confindustria, the S. Raffaele Hospital, the ASST of Mantua, who have been provided with physical spaces equipped to manage operations in the area, special training programs, platforms, toll-free numbers and other services to manage emergencies;
- competitions **for healthcare innovation** have been promoted through partnerships with public institutions and other private foundations, such as Innova for Italy, #EUvsVirus Hackathon and the COVID-19 Challenge.
- finally, about 36,000 of our employees were involved in the **Remote Working** program, in line with government provisions on the management of working spaces.

NON-FINANCIAL PERFORMANCE

During the first half of 2020, the social commitments, included in the 2020–2022 Strategic Plan, were consolidated with the initiatives carried out to counter the COVID-19 emergency that affected Italy and all the other countries in which we operate. Today more than ever, TIM's infrastructures and the work of its people have been confirmed as fundamental in overcoming the difficulties caused by physical separation and are increasingly accelerators for achieving the objectives of the 2030 Agenda.
Sustainability governance was also further strengthened by setting up a committee at Group level, presided over by the CEO and composed of top management, with the aim of giving focus to the Group's sustainability strategies, setting out the goals and monitoring whether targets are reached, to support the Sustainability and Strategies Committee; such committee has the task, among other things, of speeding up implementation of the social, environmental and governance (ESG) commitments included in the 2020–2022 Strategic Plan.
Over the period TIM maintained its low-risk ESG rating from Sustainalytics and its place in the Dow Jones Sustainability Index Europe and other important sustainability ratings.

INTRODUCTION

*The Half-Year Financial Report at June 30, 2020 of the TIM Group was prepared in compliance with Article 154–ter (Financial Reports) of Legislative Decree no. 58/1998 (Consolidated Law on Finance – TUF) as amended, and in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the recognition and measurement criteria of the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union ("**IFRS**"), and with rulings issued under Article 9, Legislative Decree no. 38/2005. The Half-Year Financial Report includes:*

- *the Interim Report on Operations;*
- *the Half-Year Condensed Consolidated Financial Statements;*
- *certification of the Half-Year Condensed Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation 11971 dated May 14, 1999, as amended.*

the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 have undergone a limited scope audit.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2019, to which reference should be made, except for the amendments to the accounting standards issued by the IASB and in force as of January 1, 2020.

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; and net financial debt carrying amount and adjusted net financial debt; Equity Free Cash Flow. Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance indicators:

- ***EBITDA adjusted 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 according to IFRS 16 (applied starting from 2019);***
- ***Adjusted net financial debt After Lease, calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of lease contracts according to IFRS 16 (applied starting from 2019);***
- ***Equity Free Cash Flow After Lease, calculated by excluding the requirements relating to leasing payments from the Equity Free Cash Flow.***

Lastly, the section entitled "Business Outlook for the year 2020" 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 Half-Year 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 during the first half of 2020, were the following:

- *Infrastrutture Wireless Italiane S.p.A. (INWIT) (Domestic Business Unit)*: on March 31, 2020 the merger by absorption of Vodafone Towers S.r.l. with INWIT S.p.A. was completed. The transaction, which enabled the creation of Italy's leading tower operator, diluted the TIM Group's stake in the capital of INWIT from 60% to 37.5%; therefore, as of March 31, 2020, INWIT S.p.A. is accounted for using the equity method. Starting from the Consolidated Financial Statements as at December 31, 2019 and until the completion of the aforementioned merger INWIT S.p.A. was presented as an "Asset held for sale"; therefore, TIM Group consolidated economic data and cash flows for the first half of 2020 include data of INWIT S.p.a. for the first quarter of 2020, net of amortization and depreciation for the period, as required by IFRS 5; Moreover, on April 23, 2020, shares equal to 4.3% of the share capital of INWIT were sold in an accelerated book-building procedure reserved for institutional investors. Consequently, TIM's investment in INWIT at June 30, 2020, is equal to 33.2%;
- *Noovle S.r.l. (Business Unit Domestic)*: on May 21, 2020, TIM S.p.A. finalized the acquisition of 100% of the quotas in Noovle S.r.l., an Italian ICT consulting and system integration company, specialized in supplying cloud solutions and projects and one of Google Cloud's leading partners on the Italian market. With effect from this date, Noovle S.r.l. and its subsidiaries have been consolidated line-by-line.

In the first half of 2019, there were no significant changes in the scope of consolidation.

CONSOLIDATED OPERATING PERFORMANCE

REVENUES

Total TIM Group revenues for the first half of 2020, amounted to **7,759 million euros**, down 13.7% compared to the first half of 2019 (8,994 million euros); organic change in total revenues was -9.2%.

The breakdown of total revenues for the first half of 2020, by operating segment in comparison with the first half of 2019 is as follows:

(millions of euros)	1st Half 2020		1st Half 2019		Changes		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	6,259	80.7	7,069	78.6	(810)	(11.5)	(10.7)
Brazil	1,517	19.6	1,946	21.6	(429)	(22.0)	(3.0)
Other Operations	–	–	–	–	–		
Adjustments and eliminations	(17)	(0.3)	(21)	(0.2)	4		
Consolidated Total	**7,759**	**100.0**	**8,994**	**100.0**	**(1,235)**	**(13.7)**	**(9.2)**

The organic change in the Group's consolidated revenues for the first half of 2020 is calculated by excluding the negative effect of exchange rate changes (1) of -380 million euros, the changes in the scope of consolidation (2) for -39 million euros as well as non-recurring components. The adjustments of non-recurring revenues in the first half of 2020 (-37 million euros) are connected to the commercial initiatives of TIM S.p.A. to support customers to deal with the COVID-19 emergency, while the first half of 2019 was affected by non-recurring charges of 15 million euros relating to adjustments to revenues from previous years.

As indicated in the section "Main changes in the scope of consolidation of the TIM Group", the company Noovle S.r.l. and its subsidiaries have been consolidated line-by-line since the date when the TIM Group acquired control (May 21, 2020). If the acquisition of Noovle S.r.l had been completed on January 1, 2020, the Half-Year Condensed Consolidated Financial Statements of the TIM Group would have posted higher revenues for approximately 14 million euros with insignificant effects on the profit (loss) for the period.

EBITDA

EBITDA in the first half of 2020 amounted to **3,398 million euros** (4,391 million euros in the first half of 2019; -22.6%), with an EBITDA margin of 43.8% (48.8% in the first half of 2019; -5.0 percentage points).

The breakdown of EBITDA by operating segment for the first half of 2020, in comparison with the first half of 2019, is shown below, together with the EBITDA margin:

(1) The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.40843 for the Brazilian real in the first half of 2020 and 4.34394 in the first half of 2019; for the US dollar, the average exchange rates used were 1.10186 in the first half of 2020 and 1.12977 in the first half of 2019. 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.

(2) In order to have a uniform comparison, changes in the scope of consolidation also include the effects, from March 31, 2019, of the new Master Service Agreement signed by TIM S.p.A. with INWIT S.p.A. during the first quarter of 2020.

(millions of euros)	1st Half 2020		1st Half 2019		Changes		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	2,684	79.0	2,929	66.7	(245)	(8.4)	(9.5)
% of Revenues	*42.9*		*41.4*			*1.5 pp*	*0.6 pp*
Brazil	718	21.1	1,467	33.4	(749)	(51.1)	4.4
% of Revenues	*47.3*		*75.3*			*(28.0) pp*	*3.3 pp*
Other Operations	(5)	(0.1)	(5)	(0.1)	–		
Adjustments and eliminations	*1*	–	–		*1*		
Consolidated Total	**3,398**	**100.0**	**4,391**	**100.0**	**(993)**	**(22.6)**	**(6.9)**
% of Revenues	*43.8*		*48.8*			*(5.0) pp*	*1.1 pp*

Organic EBITDA – net of the non-recurring items amounted to **3,535 million euros**; the EBITDA margin was 45.3% (3,799 million euros in the first half of 2019, with an EBITDA margin of 44.2%).
In the first half of 2020, the TIM Group recorded non-recurring charges for a total of 137 million euros, of which 69 million euros were attributable to the COVID-19 emergency in Italy. In addition to the impact of TIM S.p.A.'s commercial initiatives to support customers, operating costs relating to the COVID-19 emergency were recorded, including provisions and charges connected with credit management resulting from the deterioration of the macroeconomic framework. The first half of 2020, also includes non-recurring charges connected mainly to corporate reorganization/restructuring processes and provisions for disputes, regulatory fines and potential liabilities related to them.

In the first half of 2019, the TIM Group had recorded net non-recurring income for 332 million euros, attributable to the balance between an income of 662 million euros related to the recognition, in the Brazil Business Unit, of tax receivables following the favorable outcome of tax disputes relative to inclusion of the indirect tax ICMS in the basis for calculating the PIS/COFINS, and non-recurring expenses of the Domestic Business Units and Brazil, for a total of 330 million euros, mainly consisting of provisions for regulatory disputes and potential related liabilities, liabilities with customers and/or suppliers, costs related to company reorganization/restructuring, as well as the aforesaid adjustments to revenues of previous years.

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

(millions of euros)	1st Half 2020	1st Half 2019	Changes	
			amount	%
EBITDA	**3,398**	**4,391**	**(993)**	**(22.6)**
Foreign currency financial statements translation effect		(289)	289	
Changes in the scope of consolidation		(91)	91	
Non-recurring expenses (Income)	137	(332)	469	
Effect of translating non-recurring Expenses/(Income) in currency		120	(120)	
ORGANIC EBITDA, excluding Non-recurring items	**3,535**	**3,799**	**(264)**	**(6.9)**

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

- **Acquisition of goods and services (2,840 million euros; 3,198 million euros in the first half of 2019):**

(millions of euros)	1st Half 2020	1st Half 2019	Change
Acquisition of goods	480	654	(174)
Revenues due to other TLC operators and costs for telecommunications network access services	617	654	(37)
Commercial and advertising costs	555	685	(130)
Professional and consulting services	107	96	11
Power, maintenance and outsourced services	536	581	(45)
Lease and rental costs	211	218	(7)
Other	334	310	24
Total acquisition of goods and services	**2,840**	**3,198**	**(358)**
% of Revenues	*36.6*	*35.6*	*1.0 pp*

The decrease is mainly attributable to the Domestic Business Unit for approximately 139 million euros and to the Brazil Business Unit for approximately 221 million euros of which approximately 148 million euros is due to the impact of exchange rate dynamics.
With regard to the Domestic Business Unit, the trend is due mainly to a reduction in acquisition of goods, affected by a reduction in acquisitions for resale, linked to the decrease in volumes of mobile terminals sold, in line with the repositioning of current commercial strategies. The reduction was also affected by restrictions related to the COVID-19 emergency, especially in the mobile area.

- **Employee benefits expenses (1,372 million euros; 1,502 million euros in the first half of 2019):**

(millions of euros)	1st Half 2020	1st Half 2019	Change
Employee benefits expenses - Italy	**1,232**	**1,320**	**(88)**
Ordinary employee expenses and costs	1,196	1,302	(106)
Restructuring and other expenses	36	18	18
Employee benefits expenses – Outside Italy	**140**	**182**	**(42)**
Ordinary employee expenses and costs	140	167	(27)
Restructuring and other expenses	-	15	(15)
Total employee benefits expenses	**1,372**	**1,502**	**(130)**
% of Revenues	*17.7*	*16.7*	*1.0 pp*

The net decrease of 130 million euros was mainly driven by:

- the decrease of 106 million euros of ordinary employee expenses in the Italian component, mainly due to the benefits related to the reduction in the average salaried workforce amounting to a total of – 3,914 average employees, (of which -1,205 average employees related to the greater impact on the half year of the hourly reduction of the Expansion Contract currently in force compared to "Solidarity Agreement", which expired in June 2019);
- for 42 million euros, the decrease in the foreign component mainly related to both the impact of the exchange rate change and lower non-recurring charges of the Brazil Business Unit recorded in the first half of 2019.

These decreases were offset by higher corporate restructuring charges in Italy for a total of 18 million euros.

- **Other operating income (90 million euros; 766 million euros in the first half of 2019):**

(millions of euros)	1st Half 2020	1st Half 2019	Change
Late payment fees charged for telephone services	22	31	(9)
Recovery of employee benefit expenses, purchases and services rendered	8	11	(3)
Capital and operating grants	15	15	–
Damages, penalties and recoveries connected with litigation	7	8	(1)
Estimate revisions and other adjustments	25	18	7
Income tax Brazil Business Unit	–	662	(662)
Other	13	21	(8)
Total	**90**	**766**	**(676)**

Other operating income for the first half of 2019 benefited from 662 million euros from the Brazil Business Unit (classified as non-recurring), connected with the recognition of tax credits consequent to the favorable result of the tax disputes connected to the inclusion of the ICMS indirect tax in the basis of calculation of the taxes on PIS and COFINS revenues, which the company has been pursuing in court since 2006, with requests for reimbursement referring – as is allowed – to the previous five years, and therefore with effect from 2001. The amount included 396 million euros related to the recovery of indirect taxes and 266 million euros for the legal revaluation.

- **Other operating expenses (502 million euros; 871 million euros in the first half of 2019):**

(millions of euros)	1st Half 2020	1st Half 2019	Change
Write-downs and expenses in connection with credit management	256	296	(40)
Provision charges	43	288	(245)
TLC operating fees and charges	104	135	(31)
Indirect duties and taxes	47	74	(27)
Penalties, settlement compensation and administrative fines	14	33	(19)
Association dues and fees, donations, scholarships and traineeships	7	6	1
Other	31	39	(8)
Total	**502**	**871**	**(369)**

Other operating expenses in the first half of 2020 include a non-recurring component of 39 million euros relating to provisions and charges of the Domestic Business Unit related to credit management in relation to the COVID-19 emergency (21 million euros) as well as disputes and regulatory fines and potential liabilities related to them. In relation to credit management, it is noted that the macroeconomic scenario with a sharp reduction in GDP caused by the pandemic reduced customer spending power, resulting in an increase in arrears compared to the historical trends recorded before the emergency. Consequently, the provision for bad debt was adjusted according to the expected loss differential.
The non-recurring component of the first half of 2019, amounting to 276 million euros, mainly referred to regulatory disputes and related liabilities and to liabilities with customers and/or suppliers.

Depreciation and amortization

Amounts to 2,348 million euros (2,496 million euros in the first half of 2019) and breaks down as follows:

(millions of euros)	1st Half 2020	1st Half 2019	Change
Amortization of intangible assets with a finite useful life	824	825	(1)
Depreciation of tangible assets	1,171	1,233	(62)
Depreciation of rights of use assets	353	438	(85)
Total	**2,348**	**2,496**	**(148)**

Net impairment losses on non-current assets

This item was equal to zero in the first half of 2020 (zero in the first half of 2019).

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment annually when preparing the company's separate and consolidated financial statements. Furthermore, if specific events or circumstances occur ("trigger events") that could lead to a presumption that goodwill has suffered a reduction in value, impairment testing is also carried out when preparing interim financial statements.

The COVID-19 health emergency, caused by the spread of the SARS-CoV-2 virus and declared a pandemic by the World Health Organization (WHO) on March 11, 2020, which has led to a consequent global economic crisis, is an external factor potentially indicative of a possible loss of value. Added to this is the fact that, at the end of June 2020, the TIM share market capitalization value was still lower than the consolidated equity value. In light of this evidence, also taking into account the recommendations of ESMA and subsequent warnings expressed by Consob (No. 8/20 of 16/07/2020) in relation to the potential impact of the COVID-19 pandemic, in preparation of the half-year report at June 30, 2020, the company deemed it appropriate to carry out an impairment test on goodwill.

The impairment test did not result in write-downs on the goodwill attributed to the Domestic Cash Generating Unit and the Brazil Cash Generating Unit, confirming the goodwill values recognized in the financial statements in June 2020.

Further details are provided in the Note "Goodwill" to the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 of the TIM Group.

EBIT

EBIT for the first half of 2020 was **1,042 million euros** (1,887 million euros in the first half of 2019).

Organic EBIT, net of the non-recurring component, amounted to 1,179 million euros (1,441 million euros for the first half of 2019), with an EBIT margin of 15.1% (16.8% for the first half of 2019).

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

(millions of euros)	1st Half 2020	1st Half 2019	Changes	
			amount	%
EBIT	**1,042**	**1,887**	**(845)**	**(44.8)**
Foreign currency financial statements translation effect		(170)	170	
Changes in the scope of consolidation		(64)	64	
Non-recurring expenses (Income)	137	(332)	469	
Effect of translating non-recurring Expenses/(Income) in currency		120	(120)	
ORGANIC EBIT, excluding Non-recurring items	**1,179**	**1,441**	**(262)**	**(18.2)**

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Other income (expenses) from investments

Other income (expenses) from investments amounted to 448 million euros and include:

- 441 million euros relative to the net capital gain recognized following the dilution of the TIM Group investment in INWIT S.p.A. capital from 60% to 37.5%, following the merger of INWIT with Vodafone Towers;
- 7 million euros for the capital gain connected to the sale, on April 23, 2020, of 4.3% held by TIM S.p.A. in INWIT.

Finance income (expenses), net

Finance income (expenses) showed an expense of 603 million euros (expense of 754 million euros in the first half of 2019): the improvement was mainly driven by lower finance expenses, connected to the reduction in the Group's average debt exposure and a drop in interest rates.

Income tax expense

This item amounted to 166 million euros, up by 226 million euros on the first half of 2019 (392 million euros). In the first half of 2019, the item included 225 million euros related to the recognition of deferred taxation relating to non-recurring income of the Brazil Business Unit.

PROFIT (LOSS) FOR THE PERIOD

This item breaks down as follows:

(millions of euros)	1st Half 2020	1st Half 2019
Profit (loss) for the period	**723**	**740**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	678	551
Profit (loss) from Discontinued operations/Non-current assets held for sale	–	–
Profit (loss) for the period attributable to owners of the Parent	**678**	**551**
Non-controlling interests:		
Profit (loss) from continuing operations	45	189
Profit (loss) from Discontinued operations/Non-current assets held for sale	–	–
Profit (loss) for the period attributable to Non-controlling interests	**45**	**189**

Net profit for the first half of 2020 attributable to Owners of the Parent amounted to 678 million euros (551 million euros in the first half of 2019).

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

DOMESTIC

(millions of euros)	1st Half 2020	1st Half 2019	Changes		
			amount	%	% organic excluding non-recurring
Revenues	6,259	7,069	(810)	(11.5)	(10.7)
EBITDA	2,684	2,929	(245)	(8.4)	(9.5)
% of Revenues	*42.9*	*41.4*		*1.5 pp*	*0.6 pp*
EBIT	833	1,029	(196)	(19.0)	(22.0)
% of Revenues	*13.3*	*14.6*		*(1.3) pp*	*(2.2) pp*
Headcount at period end (number) (°)	45,473	(*)45,496	(23)	(0.1)	

(°) Includes employees with temp work contracts: 7 employees at June 30, 2020 (5 employees at December 31, 2019)
(*) Headcount at December 31, 2019

Fixed

	6/30/2020	12/31/2019	6/30/2019
Total TIM Retail accesses (thousands)	8,921	9,166	9,599
of which NGN (1)	*4,008*	*3,670*	*3,498*
Total TIM Wholesale accesses (thousands)	8,083	8,051	8,079
of which NGN	*3,862*	*3,309*	*2,869*
Active Broadband accesses of TIM Retail (thousands)	7,523	7,592	7,414
Consumer ARPU (€/month) (2)	33.6	34.9	35.7
Broadband ARPU (€/month) (3)	25.5	27.7	29.3

(1) UltraBroadBand access in FTTx and FWA mode, also including "data only" lines.
(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

	6/30/2020	12/31/2019	6/30/2019
Lines at period end (thousands)	30,502	30,895	31,662
of which Human	*20,155*	*21,003*	*21,956*
Churn rate (%) (4)	9.2	20.4	9.5
Broadband users (thousands) (5)	12,875	12,823	13,124
Retail ARPU (€/month) (6)	8.3	8.7	8.7
Human ARPU (€/month) (7)	12.3	12.6	12.5

/4) Percentage of total lines that ceased in the period compared to the average number of total lines.
(5) Mobile lines that use 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 6,259 million euros, down 810 million euros compared to the first half of 2019 (-11.5%) and were affected by a challenging competitive context and, with particular reference to the Mobile market, restrictions related to the COVID-19 emergency. **Organic revenues, net of the non-recurring component,** amounted to 6,296 million euros (-752 million euros compared to the first half of 2019, -10.7%); in particular, revenues for the first half of 2020 were affected by an overall negative impact of 37 million euros referring to adjustments of revenues connected to TIM S.p.A.'s commercial initiatives to support customers in facing the COVID-19 emergency. In the first half of 2019, non-recurring revenues for 15 million euros were recorded, attributable to adjustments to revenues from previous years.

Revenues from stand-alone services amounted to 5,758 million euros (-628 million euros compared to the first half of 2019, equal to -9.8%) and were affected by the impact of the regulatory and competitive context in terms of the reduction of both the customer base and ARPU levels. **Revenues from organic stand-alone services, net of the aforementioned non-recurring component**, amounted to 5,795 million euros (-569 million euros compared to the first half of 2019, – 8.9%).

In detail:

- **revenues from fixed market stand-alone services** amounted to 4,366 million euros, down 446 million euros in **organic** terms (-9.3%) compared to the first half of 2019. The natural decline of revenues from voice services connected to decreased accesses was accompanied by a fall in ARPU levels as a result of more rigorous commercial discipline, with a consequent fall also in revenues from broadband services (-133 million euros compared to the first half of 2019, -10.3%), partially offset by the growth in revenues from ICT solutions (+ 28 million euros compared to the first half of 2019, equal to + +7.0%);
- **revenues from mobile market stand-alone services** amounted to 1,680 million euros (-179 million euros compared to the first half of 2019, -9.7%) and suffered the impact of the regulatory and competitive context, with a reduction in the customer base, and the significant effects of the health emergency. In **organic** terms, **net of the aforesaid non-recurring component**, revenues from Mobile stand-alone services amounted to 1.712 billion euros (-137 million euros compared to the first half of 2019, equal to -7.4%) showing a stable trend in organic ARPU terms to the previous quarter.

Revenues for Handsets and Bundles & handsets, including the change in work in progress, amounted to 501 million euros the first half of 2020, a decrease in organic terms of 183 million euros compared to the first half of 2019, also due to lower footfall for sales outlets following the lockdown measures related to the COVID-19 emergency.

Key results for the first half of 2020 for the Domestic Business Unit are presented in the following table, broken down by customer/business segment and compared to the first half of 2019.

(millions of euros)	1st Half 2020	1st Half 2019	Changes		
			amount	%	% organic excluding non-recurring
Revenues	**6,259**	**7,069**	**(810)**	**(11.5)**	**(10.7)**
Consumer	2,905	3,345	(440)	(13.1)	(12.9)
Business	1,979	2,311	(332)	(14.4)	(13.2)
National Wholesale Market	936	919	17	1.9	1.9
International Wholesale Market	445	469	(24)	(5.1)	(5.7)
Other	(6)	25	(31)		

As regards the market segments of the Domestic Business Unit, please note the following changes compared to the first half of 2019:

- **Consumer:** the segment consists of all Fixed and Mobile voice and Internet services and products managed and developed for individuals and families and of public telephony; customer care, operating credit support, loyalty and retention activities, sales within its remit, and administrative management of customers; includes the company TIM Retail, which coordinates the activities of flagship stores. In **organic terms**, net of the aforementioned **non-recurring component**, the revenues for the Consumer segment amounted to 2,915 million euros and show a decrease, compared to the first half of 2019, of 430 million euros (-12.9%), also due to the effect of the changed competitive and regulatory context. The trend seen in total revenues also applied to revenues from stand alone services, which amounted to 2,625 million euros, down by 327 million euros compared to the first half of 2019 (-11.1%). In particular:

- **revenues from stand-alone Mobile Services** amounted to 1,166 million euros and recorded a decrease in organic terms of 86 million euros (-6.8%) compared to the first half of 2019, attributable to the cut in incoming interconnection tariffs in addition to the still intense competition in the low end of the market;
- **revenues from Fixed market stand-alone services** amounted to 1,475 million euros, down compared to the first half of 2019 (-236 million euros, equal to –13.8%); this trend is characterized by decreased accesses and ARPU levels. The growth of Broadband customers is highlighted, in particular Ultra Broadband.

Revenues for Handsets and Bundles & handsets in the Consumer segment amounted to 289 million euros, down 104 million euros compared to the first half of 2019 (-26.4%), concentrated on the mobile sector following the change in the product sales strategy, focused on protecting margins. The restrictions placed on movements related to the COVID-19 health emergency also had an impact on performance: from March, the volumes of smartphones sold have drastically reduced compared to 2019.

- **Business**: the segment consists of voice, data, and Internet services and products, and ICT solutions managed and developed for small and medium-size enterprises (SMEs), Small Offices/Home Offices (SOHOs), Top customers, the Public Sector, Large Accounts, and Enterprises in the Fixed and Mobile telecommunications markets. The segment includes the companies Olivetti, TI Trust Technologies and Telsy. In organic terms, **net of the** aforementioned **non- recurring component**, revenues for the Business segment amounted to 2,007 million euros, down by 304 million euros on the first half of 2019 (-13.2%, of which -11.2% for revenues from the stand-alone services component). In particular:
  - **mobile revenues** show a negative performance compared to the first half of 2019 (-10.9%), with a reduction of 61 million euros, driven mainly by lower revenues from stand-alone services (-9.7%) from the reduction in ARPU levels;
  - **Fixed-line revenues** fell by 245 million euros compared to the first half of 2019 (-13.7%) with a decrease in revenues from services equal of -11.5%: lower prices and revenues from traditional services (also connected with the technological shift towards VoIP systems and solutions) were only partially offset by growth in revenues from ICT services.
- **National Wholesale 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. The segment includes the companies TN Fiber, TI San Marino and Telefonia Mobile Sammarinese. The National Wholesale Market segment revenues in the first half of 2020, reached 936 million euros, up by 17 million euros (+1.9%) compared to the first half of 2019, with a positive performance mainly driven by the growth in accesses in the Ultra Broadband segment.
- **International Wholesale 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. Revenues for the International Wholesale Market segment for the first half of 2020 totaled 445 million euros, showing a drop of 24 million euros (-5.1%) on the first half of 2019 figure, with negligible effects on EBITDA. This trend is mainly connected to the new positioning of Telecom Italia Sparkle in the Voice business, with better focused contracts having higher margins, also in a perspective of simplifying and streamlining operating processes.
- **Other:** includes:
  - **INWIT S.p.A.**: operates in the sector of infrastructure for electronic communications and specifically infrastructure hosting radio transmission apparatus for mobile phone networks of TIM and other operators. As previously indicated, on March 31, 2020 the merger by absorption of Vodafone Towers S.r.l. with INWIT S.p.A. was completed. The transaction, which has enabled the creation of Italy's leading tower operator, resulted in the dilution of the TIM Group's stake in INWIT's capital from 60% to 37.5%. Moreover, on April 23, 2020, shares equal to 4.3% of the share capital of INWIT were sold in an accelerated book-building procedure reserved for institutional investors. Consequently, the TIM Group's investment in INWIT at June 30, 2020, is equal to 33.2%; Economic data and cash flows for the first half of 2020 include data of INWIT S.p.a. for the first quarter of 2020, net of amortization and depreciation for the period, as required by IFRS 5;
  - **Other Operations units:** covering technological innovation and development, engineering, construction and operating processes for network infrastructures, IT, real estate properties and plant engineering; the Flash Fiber company and Open Access operations connected with delivery and assurance of customer services are also included, until September 2019 included in the Wholesale segment and later reclassified following the change in organizational structure;
  - **Staff & Other**: services carried out by Staff functions and other support activities performed by minor companies, including Persidera, dispose of on December 2, 2019 and included in the economic data and cash flows of the first half of 2019.

EBITDA

The Domestic Business Unit's EBITDA for the first half of 2020 was 2,684 million euros, down 245 million euros on the first half of 2019 (-8.4%), with an EBIT margin of 42.9 % (+1.5 percentage points compared to the same period of the previous financial year).
Organic EBITDA, net of the non-recurring component, amounted to 2,821 million euros, down 295 million euros (-9.5%) compared to the first half of 2019. In particular, EBITDA for the first half of 2020 was negatively impacted by a total of 137 million euros, of which 69 million euros were attributable to the COVID-19 emergency in Italy and related to the impact of TIM S.p.A.'s commercial initiatives to support customers, as well as the first effects of macroeconomic difficulties for provisions and charges related to credit management.

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

(millions of euros)	1st Half 2020	1st Half 2019	Changes amount	Changes %
EBITDA	**2,684**	**2,929**	**(245)**	**(8.4)**
Changes in the scope of consolidation	–	(91)	91	
Non-recurring expenses (Income)	137	278	(141)	
ORGANIC EBITDA, excluding Non-recurring items	**2,821**	**3,116**	**(295)**	**(9.5)**

In the first half of 2020, the depreciation and amortization and capital losses from the disposal of non-current assets amounted to 1,850 million euros (1,901 million euros in the first half of 2019).

Regarding the dynamics for the main items, the following are worthy of note:

(millions of euros)	1st Half 2020	1st Half 2019	Change
Acquisition of goods and services	2,315	2,454	(139)
Employee benefits expenses	1,244	1,332	(88)
Other operating expenses	318	593	(275)

In particular:

- **Other operating income** amounted to 85 million euros with a decrease of 10 million euros compared to the first half of 2019:

(millions of euros)	1st Half 2020	1st Half 2019	Change
Late payment fees charged for telephone services	19	25	(6)
Recovery of employee benefit expenses, purchases and services rendered	8	11	(3)
Capital and operating grants	14	13	1
Damages, penalties and recoveries connected with litigation	7	8	(1)
Estimate revisions and other adjustments	25	18	7
Other income	12	20	(8)
Total	**85**	**95**	**(10)**

- **Acquisition of goods and services** amounted to 2,315 million euros with a decrease of 139 million euros compared to the first half of 2019:

(millions of euros)	1st Half 2020	1st Half 2019	Change
Acquisition of goods	434	543	(109)
Revenues due to other TLC operators and interconnection costs	549	583	(34)
Commercial and advertising costs	388	431	(43)
Professional and consulting services	62	46	16
Power, maintenance and outsourced services	438	458	(20)
Lease and rental costs	144	130	14
Other	300	263	37
Total acquisition of goods and services	**2,315**	**2,454**	**(139)**
% of Revenues	*37.0*	*34.7*	*2.3*

This item fell by 139 million euros compared to the first half of 2019, especially on the acquisition of goods, which were affected in a reduction in acquisitions for resale, linked to the decrease in volumes of mobile terminals sold, in line with the repositioning of current commercial strategies. The reduction was also affected by restrictions related to the COVID-19 emergency, especially in the mobile area.

- **Employee benefits expenses** amounted to 1,244 million euros with a decrease of 88 million euros compared to the first half of 2019:

- **Other operating expenses** amounted to 318 million euros with a decrease of 275 million euros compared to the first half of 2019:

(millions of euros)	1st Half 2020	1st Half 2019	Change
Write-downs and expenses in connection with credit management	192	213	(21)
Provision charges	22	240	(218)
TLC operating fees and charges	22	25	(3)
Indirect duties and taxes	39	47	(8)
Penalties, settlement compensation and administrative fines	14	32	(18)
Association dues and fees, donations, scholarships and traineeships	6	6	–
Sundry expenses	23	30	(7)
Total	**318**	**593**	**(275)**

Other operating expenses include a non-recurring component of 39 million euros (240 million euros in the first half of 2019) mainly related to provisions and charges partly related to credit management in relation to the COVID-19 emergency, which resulted in a worsening of creditworthiness of part of the customer base following deterioration of the macroeconomic context and regulatory disputes and related liabilities, as well as expenses connected with disputes with former employees and liabilities with customers and suppliers.

EBIT

The Domestic Business Unit's EBITDA for the first half of 2020 was 833 million euros, down 196 million euros on the first half of 2019 (-19.0%), with an EBIT margin of 13.3 % (-1.3 percentage points compared to the same period of the previous financial year).

Organic EBIT, net of the non-recurring component, amounted to 970 million euros, down by 273 million euros compared to the first half of 2019 (-22.0%), with an EBIT margin of 15.4% (17.6% for the first half of 2019).

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

(millions of euros)	1st Half 2020	1st Half 2019	Changes	
			amount	%
EBIT	**833**	**1,029**	**(196)**	**(19.0)**
Changes in the scope of consolidation	–	(64)	64	
Non-recurring expenses (Income)	137	278	(141)	
ORGANIC EBIT, excluding Non-recurring items	**970**	**1,243**	**(273)**	**(22.0)**

BRAZIL

	(millions of euros)		(millions of reais)				
	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	Changes		
					amount	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	1,517	1,946	8,202	8,454	(252)	(3.0)	(3.0)
EBITDA	718	1,467	3,883	6,370	(2,487)	(39.0)	4.4
% of Revenues	*47.3*	*75.3*	*47.3*	*75.3*		(28.0) pp	*3.3 pp*
EBIT	212	862	1,144	3,747	(2,603)	(69.5)	4.3
% of Revenues	*13.9*	*44.3*	*13.9*	*44.3*		(30.4) pp	*0.9 pp*
Headcount at period-end (number)			9,596	9,689(*)	(93)	(1.0)	

(*) Headcount at December 31, 2019

The average exchange rates used for the translation into euro (expressed in terms of units of real per 1 euro) were 5.40843 in the first half of 2020 and 4.34394 in the first half of 2019.

	1st Half 2020	1st Half 2019
Lines at period end (thousands) (*)	52,031	(1) 54,447
MOU (minutes/month) (**)	121.6	123.8
ARPU (reais)	23.6	23.0

(1) Number at December 31, 2019.
(*) Includes corporate lines.
(**) Net of visitors.

The **Brazil Business Unit (Tim Brasil group)** provides mobile telephone services using UMTS, GSM and LTE technologies. Moreover, the Tim Brasil Group offers fiber optic data transmission using full IP technology, such as DWDM and MPLS and residential broadband services.

Revenues

Revenues in the first half of 2020 of the Brazil Business Unit (Tim Brasil group) amounted to 8,202 million reais, down 252 million reais (-3.0%) compared to the first half of 2019 (8,454 million reais).

Revenues from services totaled 8,017 million reais, a drop of 71 million reais compared to 8,088 million reais of the first half of 2019 (-0.9%).

Revenues from product sales totaled 185 million reais (366 million reais for the first half of 2019). The downturn reflects the impact of shutdown of at least two months in most of Brazil due to the COVID-19 emergency; the sales policy is still focused more on value than on increasing sales volumes. In particular, the main goals of the new strategy are to increase purchases of new connected devices giving TIM customers access to broadband services on 3G/4G networks and to support new retention offerings for higher-value postpaid customers.

Mobile ARPU (Average Revenue Per User) was 23.6 reais in the first half of 2020, up on the figures recorded in the first half of 2019 (23.0), thanks to the global repositioning towards the postpaid segment and new commercial initiatives aimed at promoting data use and the average spend per customer.

Total lines in place at June 30, 2020 amounted to 52.0 million, showing a decline of 2.4 million compared to December 31, 2019 (54.4 million). The lower figure was driven mainly by the prepaid segment (-2.3 million), and in part the postpaid segment (-0.1 million), also due to the consolidation underway in the market for second SIM cards. Postpaid customers accounted for 41.0% of the customer base at June 30, 2020, an increase of 1.6 percentage points on December 2019 (39.4%).

EBITDA

EBITDA in the first half of 2020 amounted to 3,883 million reais (6,370 million reais in the first half of 2019 and the margin on revenues is equal to 47.3% (75.3% in the first half of 2019).

It should be remembered that EBITDA in the first half of 2019, benefited from non-recurring net income of 2,650 million reais as the balance of 2,876 million reais of income related to the recognition of tax receivables following the favorable outcome of tax disputes relating to the inclusion of the ICMS indirect tax in the basis for calculating the PIS/COFINS contribution and 226 million reais of non-recurring charges for provisions mainly for regulatory disputes and related liabilities, as well as for liabilities with customers and/or suppliers.

Organic EBITDA, net of the non-recurring component grew by 4.4% and is calculated as follows:

(millions of reais)	1st Half 2020	1st Half 2019	Changes	
			amount	%
EBITDA	**3,883**	**6,370**	**(2,487)**	**(39.0)**
Non-recurring expenses (Income)	–	(2,650)	2,650	
ORGANIC EBITDA - excluding Non-recurring items	**3,883**	**3,720**	**163**	**4.4**

The growth is attributable to the improvement in the efficiency of the operating expenses structure during the COVID-19 emergency.

The relative margin on revenues stood at 47.3%, an increase of 3.3 percentage points compared to the first half of 2019 (44.0%).

The changes in the main cost items are shown below:

	(millions of euros)		(millions of reais)		
	1st Half 2020 (a)	1st Half 2019 (b)	1st Half 2020 (c)	1st Half 2019 (d)	Change (c-d)
Acquisition of goods and services	538	760	2,909	3,303	(394)
Employee benefits expenses	127	170	685	737	(52)
Other operating expenses	182	276	982	1,197	(215)
Change in inventories	-	(7)	-	(31)	31

EBIT

EBIT for the first half of 2020 was 1,144 million reais (3,747 million reais in the first half of 2019).
The reduction was mainly determined by the reduction in EBITDA and higher depreciation (+112 million reais).
In the first half of 2019, EBIT also benefited from the non-recurring net income of 2,650 million reais recorded at EBITDA level.

Organic EBIT, net of the non-recurring component grew by 4.3% and is calculated as follows:

(millions of reais)	1st Half 2020	1st Half 2019	Changes	
			amount	%
EBIT	**1,144**	**3,747**	**(2,603)**	**(69.5)**
Non-recurring expenses (Income)	–	(2,650)	2,650	
ORGANIC EBIT - excluding Non-recurring items	**1,144**	**1,097**	**47**	**4.3**

CONSOLIDATED FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON-CURRENT ASSETS

- **Goodwill:** decreased by 213 million euros, from 23,083 million euros at December 31, 2019 to 22,870 million euros at June 30, 2020 due to the effect of the negative exchange difference relative to the goodwill of the Brazil Business Unit [31] (-223 million euros). During the first half of 2020, there was also an increase of 10 million euros due to the acquisition of control and related consolidation with the integral method, starting from May 21, 2020, of Noovle S.r.l. and its subsidiaries (Domestic Business Unit).

  Further details are provided in the Note “Goodwill” to the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 of the TIM Group.

- **Intangible assets with a finite useful life:** these fell by 800 million euros, from 7,667 million euros at the end of 2019 to 6,867 million euros at June 30, 2020, representing the balance of the following items:
  - capex (+474 million euros);
  - amortization for the period (- 824 million euros);
  - other disposals, exchange differences and other changes (for a net negative balance of 450 million euro, of which -448 million euro of exchange differences essentially relating to the Brazil Business Unit).
- **Tangible assets:** these fell by 1,025 million euros, from 14,011 million euros at the end of 2019 to 12,986 million euros at June 30, 2020, representing the balance of the following items:
  - capex (+771 million euros);
  - amortization for the period (- 1,171 million euros);
  - other disposals, exchange differences and other changes (for a net negative balance of 625 million euro, of which -616 million euro of exchange differences essentially relating to the Brazil Business Unit).

- **Rights of use of third-party assets:** these fell by 472 million euros, from 5,494 million euros at the end of 2019 to 5,022 million euros at June 30, 2020, representing the balance of the following items:
  - investments (9 million euros) and increases in lease contracts (+637 million euros). Increases in lease agreements include 368 million euros related to the recognition of new rights of use of assets of INWIT S.p.A., following the new Master Service Agreement (MSA) between TIM S.p.A. and INWIT S.p.A. (now jointly controlled by TIM-Vodafone Europe B.V.) coming into effect on March 31, 2020, which regulates hospitality services on INWIT sites
  - amortization for the period (- 353 million euros);
  - disposals, exchange differences and other changes (for a negative net balance of 765 million euros) including the derecognition of rights of use relative to previous lease agreements stipulated with Vodafone, equal to 266 million euros, as a result of the new Master Service Agreement (MSA) between TIM S.p.A. and INWIT S.p.A. coming into effect and the exchange differences of -409 million euros essentially relating to the Brazil Business Unit.

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[1] The spot exchange rate used for the translation into euro of the Brazilian real (expressed in terms of units of local currency per 1 euro) was 6.13202 at June 30, 2020 and 4.52808 at December 31, 2019.

CONSOLIDATED EQUITY

Consolidated equity amounted to 21,394 million euros (22,626 million euros at December 31, 2019), of which 20,081 million euros attributable to Owners of the Parent (20,280 million euros at December 31, 2019) and 1,313 million euros attributable to non-controlling interests (2,346 million euros at December 31, 2019). In greater detail, the changes in consolidated equity were the following:

(millions of euros)	6/30/2020	12/31/2019
Start of period	**22,626**	**21,747**
Total comprehensive income (loss) for the period	(294)	1,206
Dividends approved by:	(317)	(296)
TIM S.p.A.	*(317)*	*(166)*
Other Group companies	–	*(130)*
Persidera – disposal	–	(44)
INWIT – deconsolidation	(644)	–
Grant of equity instruments	(5)	4
Other changes	28	9
End of period	**21,394**	**22,626**

CASH FLOWS

The Net financial debt carrying amount amounted to 25,971 million euros, down by 1,697 million euros compared to December 31, 2019 (27,668 million euros).
The main transactions that had an impact on the change in adjusted net financial debt are as follows:

Change in adjusted net financial debt

(millions of euros)	1st Half 2020 (a)	1st Half 2019 (b)	Change (a-b)
EBITDA	3,398	4,391	(993)
Capital expenditures on an accrual basis	(1,254)	(1,481)	227
Change in net operating working capital:	(53)	(1,146)	1,093
Change in inventories	*6*	*73*	*(67)*
Change in trade receivables and net amounts due from customers on construction contracts	*329*	*(138)*	*467*
Change in trade payables	*(1,293)*	*(973)*	*(320)*
Other changes in operating receivables/payables	*905*	*(108)*	*1,013*
Change in provisions for employee benefits	(435)	(214)	(221)
Change in operating provisions and Other changes	(111)	269	(380)
Net operating free cash flow	**1,545**	**1,819**	**(274)**
% of Revenues	*19.9*	*20.2*	*(0.3) pp*
Sale of investments and other disposals flow	1,018	7	1,011
Share capital increases/reimbursements, including incidental expenses	8	5	3
Financial investments	(20)	(4)	(16)
Dividends payment	(356)	(246)	(110)
Increases in lease contracts	(637)	(292)	(345)
Finance expenses, income taxes and other net non-operating requirements flow	139	(794)	933
Impact of the application of IFRS 16 at 1/1/2019	–	(3,553)	3,553
Reduction/(Increase) in adjusted net financial debt from continuing operations	**1,697**	**(3,058)**	**4,755**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	–	–	–
Reduction/(Increase) in adjusted net financial debt	**1,697**	**(3,058)**	**4,755**

Equity Free Cash Flow

(millions of euros)	1st Half 2020	1st Half 2019	Change
NET OPERATING FREE CASH FLOW	**1,545**	**1,819**	**(274)**
Financial management	(604)	(707)	103
Income taxes and other	37	(36)	73
EQUITY FREE CASH FLOW	**978**	**1,076**	**(98)**

In addition to what has already been described with reference to EBITDA, the change in adjusted net financial debt for the first half of 2020 was particularly impacted by the following:

Capital expenditures and for mobile telephone licenses/spectrum

Capital expenditures for the first half of 2020, were 1,254 million euros (1,481 million euros in the first half of 2019).

Capital expenditures and for mobile telephone licenses/spectrum are broken down by operating segment as follows:

(millions of euros)	1st Half 2020		1st Half 2019		Change
		% of total		% of total	
Domestic	963	76.8	1,114	75.2	(151)
Brazil	291	23.2	367	24.8	(76)
Other Operations	–	–	–	–	–
Adjustments and eliminations	–	–	–	–	–
Consolidated Total	**1,254**	**100.0**	**1,481**	**100.0**	**(227)**
% of Revenues	*16.2*		*16.5*		*(0.3) pp*

In particular:

- the **Domestic Business Unit** reported investments for 963 million euros, down by 151 million euros (-135 million euros in organic terms) compared to the first half of 2019, mainly due to some planned activities being postponed, also as a result of the restrictions imposed by the COVID-19 emergency;
- the **Brazil Business Unit** reported capital expenditures of 291 million euros, a fall of 76 million euros compared to the first half of 2019 (367 million euros). Excluding the impact due to exchange rate dynamics (-72 million euros), the organic reduction was equal to 4 million euros. Capital expenditures were mainly aimed at strengthening the UltraBroadBand mobile network infrastructure and developing TIM Live's fixed BroadBand business.

Change in net operating working capital

The change in net operating working capital in the first half of 2020 reflects an absorption of 53 million euros (negative for 1,146 million euros in the first half of 2019) mainly due to the net requirement deriving from the reduction in trade payables (-1,293 million euros) partially offset by the positive change in trade receivables and net receivables for contract work and other operating receivables and payables (totaling 1,234 million euros).

Sale of investments and other disposals flow

Positive for 1,018 million euros, and refers nearly entirely to the deconsolidation of INWIT S.p.A., s well as the inflow from the TIM Group's disposal of 4.3% of INWIT, in an accelerated book-building procedure reserved for institutional investors.
In the first half of 2019, this item amounted to 7 million euros and mainly related to disposals of assets within the normal operating cycle.

Share capital increases/reimbursements, including incidental costs

In the first half of 2020, this item totaled 8 million euros and essentially consisted of the contribution from an external shareholder of the Group for new capital issued by a subsidiary (5 million euros in the first half of 2019).

Increases in lease contracts

In the first half of 2020, this item amounted to 637 million euros.
Increases in lease contracts include the higher value of user rights entered following new lease agreements payable, increases in lease payments and renegotiations of existing agreements. In particular, this includes 368 million euros, related to the recognition of new rights of use of INWIT S.p.A. assets, following the new Master Service Agreement (MSA) between TIM S.p.A. and INWIT S.p.A. coming into effect on March 31, 2020.
For further details, see the Note “Rights of use of third-party assets” of the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 of the TIM Group.

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

In the first half of 2020 the item was positive at 139 million euros. It mainly includes outflows relative to financial management components, as well as the payment of income taxes 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 the first half of 2020 resulted in a positive effect on the adjusted net financial debt at June 30, 2020, amounting to 1,573 million euros (1,958 million euros at December 31, 2019); 1,735 million euros at June 30, 2019).

Net financial debt

Net financial debt is composed as follows:

(millions of euros)	6/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	19,249	19,773	(524)
Amounts due to banks, other financial payables and liabilities	5,735	5,832	(97)
Non-current financial liabilities for lease contracts	4,203	4,576	(373)
	29,187	**30,181**	**(994)**
Current financial liabilities (*)			
Bonds	1,567	1,958	(391)
Amounts due to banks, other financial payables and liabilities	2,118	1,224	894
Current financial liabilities for lease contracts	697	639	58
	4,382	**3,821**	**561**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	–	655	(655)
Total Gross financial debt	**33,569**	**34,657**	**(1,088)**
Non-current financial assets			
Securities other than investments	–	–	–
Non-current financial receivables arising from lease contracts	(47)	(51)	4
Financial receivables and other non-current financial assets	(2,922)	(2,100)	(822)
	(2,969)	**(2,151)**	**(818)**
Current financial assets			
Securities other than investments	(876)	(877)	1
Current financial receivables arising from lease contracts	(36)	(58)	22
Financial receivables and other non-current financial assets	(131)	(122)	(9)
Cash and cash equivalents	(3,603)	(3,138)	(465)
	(4,646)	**(4,195)**	**(451)**
Financial assets relating to Discontinued operations/Non-current assets held for sale	–	(65)	65
Total financial assets	**(7,615)**	**(6,411)**	**(1,204)**
Net financial debt carrying amount	**25,954**	**28,246**	**(2,292)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*17*	*(578)*	*595*
Adjusted net financial debt	**25,971**	**27,668**	**(1,697)**
Breakdown as follows:			
Total adjusted gross financial debt	**31,544**	**32,782**	**(1,238)**
Total adjusted financial assets	**(5,573)**	**(5,114)**	**(459)**
(*) of which current portion of medium/long-term debt:			
Bonds	*1,567*	*1,958*	*(391)*
Amounts due to banks, other financial payables and liabilities	*753*	*446*	*307*
Current financial liabilities for lease contracts	*697*	*639*	*58*

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. Taking into account the Group's operating activities, the optimum mix of medium/long-term non-current financial liabilities has been established, on the basis of the nominal amount, at a range of 65%–75% for the fixed-rate component and 25%–35% 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 indicators" chapter.

Adjusted net financial debt amounted to 25,971 million euros at June 30, 2020, **a decrease of 1,697 million euros compared to December 31, 2019** (27,668 million euros). The reduction was due in part to solid generation of free cash flow, obtained in part by optimisation of working capital, which allowed payment of dividends on ordinary and savings shares of TIM S.p.A. for total 316 million euros, as well as the effects of the INWIT transaction. In particular, with regard to INWIT we point out the deconsolidation of the company's debt (643 million euros compared to December 31, 2019) which broadly compensated for new debts incurred for leases to INWIT, now under joint control (368 million euros), after the ending of financial lease contracts with Vodafone (214 million euros), the collection of dividends (256 million euros, of which 214 million euros was in extraordinary dividends) and the sale of 4.3% of the holding (400 million euros).

For a better understanding of the information, the various methods of representing the Net Financial Debt are explained in the following table:

(millions of euros)	6/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Net financial debt carrying amount	**25,954**	**28,246**	**(2,292)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*17*	*(578)*	*595*
Adjusted Net Financial Debt	**25,971**	**27,668**	**(1,697)**
Leases	*(4,876)*	*(5,204)*	*328*
Leasing – Discontinued operations/Non-current assets held for sale:	*–*	*(571)*	*571*
Adjusted net financial debt - After Lease	**21,095**	**21,893**	**(798)**

Net financial debt carrying amount amounted to 25,954 million euros at June 30, 2020, a decrease of 2,292 million euros compared to December 31, 2019 (28,246 million euros).

The fair value measurement of derivatives and related financial liabilities/assets recorded a change of 595 million euros compared to December 31, 2019 following the fall in US dollar interest rates and the relevant revaluation of hedging on US currency bonds. This change, that hasn't monetary effects, is adjusted from the Net Financial Debt carrying amount.

Adjusted Net Financial Debt – After Lease (net of the impact of all leases), **which is a parameter adopted by main European peers**, was equal to 21,095 million euros at June 30, 2020, down by 798 million euros compared to December 31, 2019 (21,893 million euros). The reduction is lower than shown in the Adjusted net financial debt, as the effects of the deconsolidation/new payables due to IFRS 16 in relation to the INWIT transaction, and the effects of the exchange rate on the payables due to IFRS 16 in Brazil, are not taken into account.

Gross financial debt

Bonds
Bonds at June 30, 2020 totaled 20,816 million euros (21,731 million euros at December 31, 2019). Repayments totaled a nominal 20,374 million euros (21,162 million euros at December 31, 2019).

The change in bonds in the first half of 2020 was as follows:

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 719 million euros 4.000% [1]	Euro	719	1/21/2020

(1) Net of buy-backs totaling 281 million euros made by the company in 2015.

With reference to Telecom Italia S.p.A. 2002–2022 bonds, reserved for subscription by employees of the Group, the nominal amount at June 30, 2020 was 209 million euros, up by 4 million euros compared to December 31, 2019 (205 million euros).

Revolving Credit Facility and Term Loan
The following table shows the committed credit lines available at June 30, 2020:

(billions of euros)	6/30/2020		12/31/2019	
	Agreed	Drawn down	Agreed	Drawn down
Revolving Credit Facility – maturing January 2023	5.0	-	5.0	-
Bridge to Bond Facility – maturing Maggio 2021	1.7	-	-	-
Total	**6.7**	**-**	**5.0**	**-**

At June 30, 2020, TIM had bilateral Term Loans for 1,700 million euros with various banking counterparties and overdraft facilities for 490 million euros, drawn down for the full amount.

On May 18, 2020 TIM created a new credit line, structured as a bridge to bond, for later issuing on the bond market, for 1.7 billion euros and initially maturing after 12 months, with the option of extension for another 12 months.

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 7.82 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 approximately 3.8%, while the average cost of the Group's debt "After Lease" was equal to approximately 3.4%.
For details on the maturities of financial liabilities in terms of expected nominal repayment amounts, as contractually agreed, see the Notes "Financial liabilities (non-current and current)" in the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 of the TIM Group.

Current financial assets and liquidity margin
The TIM Group's available **liquidity margin** amounted to 11,179 million euros, equal to the sum of:

- "Cash and cash equivalents" and the "Current securities other than investments" for a total of 4,479 million euros (4,015 million euros at December 31, 2019), also including 469 million euros in repurchase agreements expiring by September 2020;
- the totals for the Revolving Credit Facility, of 5,000 million euros, and the Bridge to Bond Facility, of 1,700 million euros, fully available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 30 months.

In particular:
Cash and cash equivalents amounted to 3,603 million euros (3,138 million euros at December 31, 2019). 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 876 million euros (877 million euros at December 31, 2019): These forms of investment represent alternatives to the investment of liquidity with the aim of improving returns. They included a total of 319 million euros of Italian and European treasury bonds held by Telecom Italia Finance S.A., 515 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 42 million euros of investments in monetary funds by the Brazil Business Unit. 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.

Adjusted net financial debt amounted to 25,971 million euros in the second quarter of 2020, a decrease of 774 million euros compared to March 31, 2020 (26,745 million euros): the positive effects of the generation of operating cash flow and revenue from the sale of 4.3% of the holding in INWIT (400 million euros) and the extraordinary and ordinary dividend, broadly compensated for the payment of dividends of TIM S.p.A of 316 million euros.

(millions of euros)	6/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Net financial debt carrying amount	**25,954**	**26,569**	**(615)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*17*	*176*	*(159)*
Adjusted net financial debt	**25,971**	**26,745**	**(774)**
Breakdown as follows:			
Total adjusted gross financial debt	**31,544**	**32,040**	**(496)**
Total adjusted financial assets	**(5,573)**	**(5,295)**	**(278)**

CONSOLIDATED DATA – TABLES OF DETAIL

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

Separate Consolidated Income Statement

(millions of euros)	1st Half 2020 (a)	1st Half 2019 (b)	Change (a-b) amount	%
Revenues	**7,759**	**8,994**	**(1,235)**	**(13.7)**
Other income	90	766	(676)	(88.3)
Total operating revenues and other income	**7,849**	**9,760**	**(1,911)**	**(19.6)**
Acquisition of goods and services	(2,840)	(3,198)	358	11.2
Employee benefits expenses	(1,372)	(1,502)	130	8.7
Other operating expenses	(502)	(871)	369	42.4
Change in inventories	6	(74)	80	–
Internally generated assets	257	276	(19)	(6.9)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**3,398**	**4,391**	**(993)**	**(22.6)**
Depreciation and amortization	(2,348)	(2,496)	148	5.9
Gains (losses) on disposals of non-current assets	(8)	(8)	–	–
Impairment reversals (losses) on non-current assets	–	–	–	–
Operating profit (loss) (EBIT)	**1,042**	**1,887**	**(845)**	**(44.8)**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	2	(3)	5	–
Other income (expenses) from investments	448	2	446	–
Finance income	501	580	(79)	(13.6)
Finance expenses	(1,104)	(1,334)	230	17.2
Profit (loss) before tax from continuing operations	**889**	**1,132**	**(243)**	**(21.5)**
Income tax expense	(166)	(392)	226	57.7
Profit (loss) from continuing operations	**723**	**740**	**(17)**	**(2.3)**
Profit (loss) from Discontinued operations/Non-current assets held for sale	**–**	**–**	**–**	**–**
Profit (loss) for the period	**723**	**740**	**(17)**	**(2.3)**
Attributable to:				
Owners of the Parent	**678**	**551**	**127**	**23.0**
Non-controlling interests	45	189	(144)	(76.2)

Consolidated Statement of Comprehensive Income

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

(millions of euros)		1st Half 2020	1st Half 2019
Profit (loss) for the period	**(a)**	**723**	**740**
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		(7)	3
Income tax effect		–	–
	(b)	**(7)**	**3**
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(3)	(70)
Income tax effect		1	17
	(c)	**(2)**	**(53)**
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)**	**(9)**	**(50)**
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		(3)	22
Loss (profit) transferred to Separate Consolidated Income Statement		–	(3)
Income tax effect		(1)	(1)
	(f)	**(4)**	**18**
Hedging instruments:			
Profit (loss) from fair value adjustments		610	99
Loss (profit) transferred to Separate Consolidated Income Statement		(29)	(92)
Income tax effect		(142)	(3)
	(g)	**439**	**4**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(1,443)	87
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		–	–
Income tax effect		–	–
	(h)	**(1,443)**	**87**
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)**	**(1,008)**	**109**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(1,017)**	**59**
Total comprehensive income (loss) for the period	**(a+m)**	**(294)**	**799**
Attributable to:			
Owners of the Parent		**104**	**584**
Non-controlling interests		(398)	215

Consolidated Statement of Financial Position

(millions of euros)		6/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		22,870	23,083	(213)
Intangible assets with a finite useful life		6,867	7,667	(800)
		29,737	**30,750**	**(1,013)**
Tangible assets				
Property, plant and equipment owned		12,986	14,011	(1,025)
Rights of use assets		**5,022**	**5,494**	**(472)**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		2,976	11	2,965
Other investments		51	52	(1)
Non-current financial receivables arising from lease contracts		47	51	(4)
Other non-current financial assets		2,922	2,100	822
Miscellaneous receivables and other non-current assets		2,309	2,585	(276)
Deferred tax assets		896	942	(46)
		9,201	**5,741**	**3,460**
Total Non-current assets	**(a)**	**56,946**	**55,996**	**950**
Current assets				
Inventories		256	260	(4)
Trade and miscellaneous receivables and other current assets		4,639	4,857	(218)
Current income tax receivables		46	149	(103)
Current financial assets				
Current financial receivables arising from lease contracts		*36*	*58*	*(22)*
Securities other than investments, other financial receivables and other current financial assets		*1,007*	*999*	*8*
Cash and cash equivalents		*3,603*	*3,138*	*465*
		4,646	**4,195**	**451**
Current assets sub-total		**9,587**	**9,461**	**126**
Discontinued operations /Non-current assets held for sale				
of a financial nature		–	65	(65)
of a non-financial nature		24	4,582	(4,558)
		24	**4,647**	**(4,623)**
Total Current assets	**(b)**	**9,611**	**14,108**	**(4,497)**
Total Assets	**(a+b)**	**66,557**	**70,104**	**(3,547)**

(millions of euros)		6/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		20,081	20,280	(199)
Non-controlling interests		1,313	2,346	(1,033)
Total Equity	**(c)**	**21,394**	**22,626**	**(1,232)**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		24,984	25,605	(621)
Non-current financial liabilities for lease contracts		4,203	4,576	(373)
Employee benefits		916	1,182	(266)
Deferred tax liabilities		410	248	162
Provisions		753	725	28
Miscellaneous payables and other non-current liabilities		3,363	3,214	149
Total Non-current liabilities	**(d)**	**34,629**	**35,550**	**(921)**
Current liabilities				
Current financial liabilities for financing contracts and others		3,685	3,182	503
Current financial liabilities for lease contracts		697	639	58
Trade and miscellaneous payables and other current liabilities		6,108	7,218	(1,110)
Income tax payables		44	84	(40)
Current liabilities sub-total		**10,534**	**11,123**	**(589)**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature		–	655	(655)
of a non-financial nature		–	150	(150)
		–	**805**	**(805)**
Total Current Liabilities	**(e)**	**10,534**	**11,928**	**(1,394)**
Total Liabilities	**(f=d+e)**	**45,163**	**47,478**	**(2,315)**
Total Equity and Liabilities	**(c+f)**	**66,557**	**70,104**	**(3,547)**

Consolidated Statement of Cash Flows

(millions of euros)		1st Half 2020	1st Half 2019
Cash flows from operating activities:			
Profit (loss) from continuing operations		723	740
Adjustments for:			
Depreciation and amortization		2,348	2,496
Impairment losses (reversals) on non-current assets (including investments)		22	12
Net change in deferred tax assets and liabilities		87	193
Losses (gains) realized on disposals of non-current assets (including investments)		(439)	6
Share of profits (losses) of associates and joint ventures accounted for using the equity method		(2)	3
Change in provisions for employee benefits		(435)	(214)
Change in inventories		6	73
Change in trade receivables and net amounts due from customers on construction contracts		329	(138)
Change in trade payables		(574)	(327)
Net change in income tax receivables/payables		68	172
Net change in miscellaneous receivables/payables and other assets/liabilities		1,897	123
Cash flows from (used in) operating activities	**(a)**	**4,030**	**3,139**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(1,974)	(2,126)
Capital grants received		23	6
Acquisition of control of companies or other businesses, net of cash acquired		(7)	–
Acquisitions/disposals of other investments		(7)	(4)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		(20)	131
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		(33)	–
Proceeds from sale/repayments of intangible, tangible and other non-current assets		402	6
Cash flows from (used in) investing activities	**(b)**	**(1,616)**	**(1,987)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(646)	(367)
Proceeds from non-current financial liabilities (including current portion)		1,097	3,190
Repayments of non-current financial liabilities (including current portion)		(1,450)	(3,415)
Changes in hedging and non-hedging derivatives		(516)	(256)
Share capital proceeds/reimbursements (including subsidiaries)		8	5
Dividends paid		(356)	(246)
Changes in ownership interests in consolidated subsidiaries		(1)	–
Cash flows from (used in) financing activities	**(c)**	**(1,864)**	**(1,089)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**–**	**–**
Aggregate cash flows	**(e=a+b+c+d)**	**550**	**63**
Net cash and cash equivalents at beginning of the period	**(f)**	**3,202**	**1,631**
Net foreign exchange differences on net cash and cash equivalents	(g)	(150)	5
Net cash and cash equivalents at end of the period	**(h=e+f+g)**	**3,602**	**1,699**

Purchases of intangible, tangible and rights of use assets

(millions of euros)	1st Half 2020	1st Half 2019
Purchase of intangible assets	(474)	(376)
Purchase of tangible assets	(771)	(1,079)
Purchase of rights of use assets	(646)	(318)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(1,891)	(1,773)
Change in payables arising from purchase of intangible, tangible and rights of use assets	(83)	(353)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(1,974)	(2,126)

Additional Cash Flow information

(millions of euros)	1st Half 2020	1st Half 2019
Income taxes (paid) received	(27)	(30)
Interest expense paid	(917)	(992)
Interest income received	223	282
Dividends received	256	–

Analysis of Net Cash and Cash Equivalents

(millions of euros)	1st Half 2020	1st Half 2019
Net cash and cash equivalents at beginning of the period		
Cash and cash equivalents – from continuing operations	3,138	1,917
Bank overdrafts repayable on demand – from continuing operations	(1)	(286)
Cash and cash equivalents – from Discontinued operations/Non-current assets held for sale	65	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	3,202	**1,631**
Net cash and cash equivalents at end of the period		
Cash and cash equivalents – from continuing operations	3,603	1,700
Bank overdrafts repayable on demand – from continuing operations	(1)	(1)
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	–	–
	3,602	**1,699**

The additional disclosures required by IAS 7 are provided in the Note "Net Financial Debt" to the TIM Group Consolidated Financial Statements at June 30, 2020.

OTHER INFORMATION

Average salaried workforce

(equivalent number)	1st Half 2020 (a)	2019 (b)	1st Half 2019 (c)	Change (a-c)
Average salaried workforce – Italy	39,501	42,630	43,145	(3,644)
Average salaried workforce – Outside Italy	8,927	9,287	9,198	(271)
Total average salaried workforce (1)	**48,428**	**51,917**	**52,343**	**(3,915)**

(1) Includes employees with temp work contracts: 5 average employees in Italy in the first half of 2020; 5 average employees in Italy in 2019; 3.5 average employees in Italy in the first half of 2019.

Headcount at period end

(number)	6/30/2020 (a)	12/31/2019 (b)	6/30/2019 (c)	Change (a-b)
Headcount – Italy	45,236	45,266	47,665	(30)
Headcount – Outside Italy	9,847	9,932	9,651	(85)
Total headcount at period end (1)	**55,083**	**55,198**	**57,316**	**(115)**

(1) Includes employees with temp work contracts: 7 employees in Italy at 6/30/2020; 5 employees at 12/31/2019; 6 employees in Italy at 6/30/2019.

Headcount at period end – Breakdown by Business Unit

(number)	6/30/2020 (a)	12/31/2019 (b)	6/30/2019 (c)	Change (a-b)
Domestic	45,473	45,496	47,891	(23)
Brazil	9,596	9,689	9,411	(93)
Other Operations	14	13	14	1
Total	**55,083**	**55,198**	**57,316**	**(115)**

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 indicators:

EBITDA ADJUSTED AFTER LEASE – TIM GROUP

(millions of euros)	1st Half 2020	1st Half 2019	Change amount	Change %
ORGANIC EBITDA – excluding Non-recurring items	**3,535**	**3,799**	**(264)**	**(6.9)**
Payments for leasing	(431)	(445)	14	(3.3)
EBITDA adjusted After Lease (EBITDA-AL)	**3,104**	**3,354**	**(250)**	**(7.4)**

EBITDA ADJUSTED AFTER LEASE – DOMESTIC

(millions of euros)	1st Half 2020	1st Half 2019	Change amount	Change %
ORGANIC EBITDA – excluding Non-recurring items	**2,821**	**3,116**	**(295)**	**(9.5)**
Payments for leasing	(273)	(300)	27	(9.0)
EBITDA adjusted After Lease (EBITDA-AL)	**2,548**	**2,816**	**(268)**	**(9.5)**

EBITDA ADJUSTED AFTER LEASE – BRAZIL

(millions of euros)	1st Half 2020	1st Half 2019	Change amount	Change %
ORGANIC EBITDA – excluding Non-recurring items	**718**	**688**	**30**	**4.4**
Payments for leasing	(158)	(145)	(13)	8.7
EBITDA adjusted After Lease (EBITDA-AL)	**560**	**543**	**17**	**3.2**

ADJUSTED NET FINANCIAL DEBT AFTER LEASE – TIM GROUP

(millions of euros)	6/30/2020	12/31/2019	Change
Adjusted net financial debt	**25,971**	**27,668**	**(1,697)**
Leasing	(4,876)	(5,775)	899
Adjusted net financial debt – After Lease	**21,095**	**21,893**	**(798)**

TIM GROUP EQUITY FREE CASH FLOW AFTER LEASE

(millions of euros)	1st Half 2020	1st Half 2019	Change
EQUITY FREE CASH FLOW	**978**	**1,076**	**(98)**
Leasing	(447)	(319)	(128)
EQUITY FREE CASH FLOW AFTER LEASE	**531**	**757**	**(226)**

EVENTS SUBSEQUENT TO JUNE 30, 2020

See the specific Note "Events Subsequent to June 30, 2020" in the Half-Year Condensed Consolidated Financial Statements of the TIM Group.

BUSINESS OUTLOOK FOR THE YEAR 2020

Financial targets of the 2020-2022 plan (IFRS 16/After Lease):

- Cumulative Equity Free Cash Flow during the three-year Plan 4.5-5 billion euros, reflecting the deconsolidation of the INWIT results and the new accounting standards (IFRS 16 After Lease) to be increased further through inorganic actions that are currently not included.
- Reduction of the Group’s debt after lease below 18 billion euros at 2021. 2022 is expected to be stable year-on-year for the payment of the last tranche of the 5G licence.
- The Group’s Organic service Revenues are expected to be slightly lower (mid-single-digit) in 2020 and slightly higher (low single-digit) in 2021-2022.
- The Group’s Organic After Lease EBITDA is expected to be slightly lower (mid-single-digit) in 2020 and slightly higher (low to mid-single-digit) in 2021-2022.
- Revenues from Domestic services are expected to be lower (mid to high single-digit) in 2020 and stable or slightly higher (stable to low single-digit growth) in 2021-2022.
- The domestic Organic After Lease EBITDA is expected to be lower (mid to high single-digit) in 2020 and slightly higher (low to mid-single-digit growth) in 2021-2022.
- Domestic Capex expected to be approximately 2.7 billion euros in 2020 and 2.9 billion euros per year in 2021-2022.

Guidance takes into account the best estimate to date of the impacts of the COVID-19 pandemic and the consequent macro-economic impacts on the Group.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation. The TIM Group has adopted an Risk Management model that is constantly evolving to be aligned with international regulations and standards, to allow the identification, assessment and management of risks in a uniform way within Group companies, highlighting potential synergies between the actors involved in the assessment of the internal control and risk management system. The Risk Management process is designed to identify potential events that may affect the business, to manage risk within acceptable limits and to provide reasonable assurance regarding the achievement of corporate objectives.
Moreover, the business outlook for 2020 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond the Group's control.
In this context we must highlight the health emergency due to the recent spread of the COVID-19 virus, qualified as a pandemic by the World Health Organization (WHO). In addition, non-exhaustively, the following additional factors are mentioned: a change 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, any constraints connected to the exercise of the Golden Power by the Government with effects – currently not foreseeable – in terms of strategic choices and progress of the already announced three-year objectives which may entail, for some, different timing than that initially scheduled or relative achievement with new and more joined-up paths.

RISKS RELATED TO BUSINESS AND SECTOR ACTIVITIES

Risks related to competition

The telecommunications market is characterized by strong competition that may reduce market share in the geographical areas where the TIM Group is engaged as well as erode prices and margins. Competition is focused on innovative products and services and on the capacity to move towards higher levels of convergence in service and expand it to the content offering, but also on the price competition in both traditional and other services. The use of new technologies (IoT) and new knowledge and customer management tools (Big Data) represent enabling factors in the mitigation of competition risks, however failure to exploit these opportunities could become an additional element of risk.
In the area of infrastructure competition, the growth of alternative operators could represent a threat for TIM, also beyond the Plan period.
From a commercial point of view, the two companies Sky and Iliad have signed agreements to enter into the world of fixed-line telephony.
In this area, on June 16, 2020, SKY Italia launched Sky Wifi, its ultrabroadband service currently available for subscribers residing in 26 Italian cities and large municipalities, expected to be 120 by the end of the summer.
Furthermore, Iliad, already active in the mobile telephony market since the end of May 2018, on July 7, 2020, with the aim of acquiring a 10-15% market share, announced the partnership with OF as the first step towards entering the fixed-line market on the FTTH fiber network.
Competitive risks in the Brazilian market lie in the rapid transition of the business model tied to traditional services and the potential consolidation of the sector. As the consumption patterns of consumers 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 to upgrade its technologies and infrastructure rapidly and by greater competition, in the form of aggressive sales strategies and potential business combinations in the sector. At the same time, the slow recovery from the country's deep economic crisis and the delay in the necessary structural reforms have directly affected consumption, in particular in the prepaid segment.

Risks related to the development of fixed and mobile networks

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;
- sustaining the necessary level of capital expenditure in the long term.

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.
In view of these considerations, considerable attention was paid to protecting networks from main threats (e.g. viruses, malware, hackers, data theft, DDoS attacks). 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.
For this purpose, TIM's Security Department includes company functions that manage cyber risk, in order to adopt all useful actions to prevent this risk and manage IT security incidents.
Particular attention is paid to IT sssets covered by the Golden Power regulations and by regulations on the national Cyber security perimeter.
As regards prevention, the ICT Risk Management process monitors risk analyses, defines 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 (ethical hacking).
As for its response to cyber attacks, the Security Operation Center (SOC), operates 24/7, 365 days a year, in order to monitor, identify and manage IT security incidents and help limit their impacts.
The SOC also works with the Security Lab and, through internal and external players, continually studies threats and obtains useful indicators to increase the likelihood of success in identifying these threats to TIM's assets.

Business Continuity Risks

The TIM Group's success depends heavily on the ability to ensure the continuous and uninterrupted delivery of the products and services we provide through the availability of processes and the relating supporting assets, which are sensitive to various internal and external threats. TIM has adopted a "Business Continuity Model System" 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.
Within the TIM Group, Business Continuity is defined as "*the organization's ability to guarantee continuity in the provision of services in relation to predefined and acceptable levels following a disruptive incident*".
The operational scope of any technological, organizational, logistical and commercial process connected directly or indirectly to the main national and regional telecommunication network infrastructure and TIM's National Data Centers infrastructure are included in the scope of application of this policy, as well as the infrastructure itself.
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.
The prevention model adopted to ensure Business Continuity, even in crisis situations, is the Business Continuity Management System (BCMS), defined in the specific Organizational Procedures in accordance with the ISO 22301 international standard. The model identifies specific roles and responsibilities.
The Business Continuity Department works within the TIM Security Department and is responsible for the governance of the corporate risk prevention process, which may lead to interruptions or unacceptable degradation of TIM business and supporting the corporate functions to identify, quantify and implement security initiatives aimed at reducing identified risks.

To guarantee an operational link between the aforementioned Department and the other corporate Departments, Business Continuity Contacts are identified in Departments and specific operational relationships are outlined.
Company departments are responsible for Business Continuity activities on the processes and services they are responsible for, which they do by identifying the most relevant ones and the ways in which to guarantee their continuous operation, even in situations of interruption or severe degradation.
The most relevant issues concerning Business Continuity are brought to the attention of Top Management in the specific Steering Committee.
During the first half of 2020, the BCMS model and in particular the Business Continuity Plans were used as tools to ensure maximum operating conditions in the face of the COVID-19 health emergency. The timely adoption by all company departments of the defined continuity measures made it possible to adopt adequate strategies for the continuation of business activities both remotely and in on-field operations, always guaranteeing maximum protection of employees health and safety.

Risks of internal and external fraud

Technological progress means that increasingly sophisticated tools and techniques, which are quick acting and have a considerable economic impact are available for fraudulent activity.
"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 will gradually gain 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) are potentially at risk of third party use for the construction of fictitious transaction schemes, tax avoidance offenses and/or international money laundering.
By way of example only, Fraud Management covers:

- traffic or marketing-related fraud;
- fraud connected with procurement processes and the supply of goods and services;
- computer fraud;
- fraud related to the use and disclosure of confidential information;
- tax and/or financial fraud;

which are:

- identified by specific controls during routine working activities, or reported from sources inside/outside the company;
- committed by entities outside the company, or by or with the assistance of employees (internal fraud).

Also in light of the above, a Fraud Risk Self Assessment process was launched, which involves all company units, aimed at updating the risk framework to be managed through the timely recognition and correct identification of priorities and mitigation assumptions of the risks themselves.
Given the above, the TIM Group has an established organizational model based on the governance of fraud and a separate operational governance system for managing and combating 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. The control is automated and provides access to pseudonymised data. Only when suspicion of illegal conduct is confirmed does the Security Fraud Management department ask the system administrator concerned to make the information on the anomalous event intelligible, to allow for the consequent activities to protect the company. However, the data is not used to check work performance.

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. 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.
The potential impact of Brexit will depend on the result of negotiations on the future relationship with the EU, especially that of a commercial nature, which will follow the separation on January 31, 2020.
Brexit and the real risk of a "no deal" – due above all to differences between the UK and the EU over the topic of commercial regulations – could cause further instability in the global financial markets within an international framework already made delicate by the commercial dispute between the USA and China.
The potential effects of Brexit on financial risks (rate, exchange and counterparty) prompted by the failure of the UK and the EU to reach an agreement by December 31, 2020 were not held to be significant for TIM and the Group.
In addition, the TIM Group's financial risk management policies provide for the full hedging of exchange rate risk and the minimization of exposure to interest rate and counterparty risk and are also effective in the Brexit context.

RISKS RELATED TO MACROECONOMIC CONDITIONS

Coronavirus and COVID-19

We note the health emergency due to the recent spread of the COVID-19 from the Coronavirus (SARS-CoV-2), qualified as a pandemic by the World Health Organization (WHO). In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of certain customer segments, this pandemic could lead to slowdowns in business activities, resulting from measures issued by national and foreign authorities, the consequent restructuring of internal work organization with most activities carried out remotely and limitation of certain types of technical and commercial work, hardship among customers and problems in the supply chain, with negative impacts on the overall results of the Group.
The management of this emergency phenomenon requires, also in consideration of the public service provided, the implementation of all activities relating to the operational continuity of business processes with the aim of ensuring the functionality of the services provided and the protection of employees'health.

Risks related to macro-economic factors

The TIM Group's economic and financial situation depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates and exchange rates in the markets where it operates.
The Italian economy was strongly hit by the COVID-19 emergency in the first quarter of 2020, with a 5.3% decrease in GDP compared to the previous quarter, higher than that of the Euro area (-3.6%). The slowdown in world trade (due to the negative shocks from the persistent protectionist policies of the United States, the trade war between the United States and China) and the uncertainties relating to the automotive sector in Europe had already had a significant impact on Italian GDP in 2019, which recorded limited growth at the end of the year (+0.3%). On the domestic front, the pandemic and the consequent lockdown negatively affected production and household consumption: the collapse of industrial production in the first quarter of 2020, compared to the previous quarter was 8.4% and household consumption fell by 4%. The pandemic will have a very significant economic impact on Italian GDP, which is difficult to quantify as it is dependent on a possible second wave of the virus and the effects of monetary and fiscal policies to be implemented at national and European level (Recovery fund). Without doubt, the Italian government's measures to limit the contagion and support household incomes will have a significant impact on supply and demand, and will also lead to a severe increase in public debt. Consumption will contract significantly in 2020, especially in the services sector, as a result of measures to limit the contagion and to make consumers more cautious in the phase of living with the virus In the World Economic Outlook of June, the International Monetary Fund, which defined this crisis as "like no other" and with an "uncertain recovery", lowered the growth outlook for the global economy by a further 2 p.p. (June -4.9% compared to April -3%). For Italy, the main national and international economic institutions foresee a contraction of the economy between 8% and 13% for 2020. In Brazil, the expected results may be significantly affected by the macroeconomic and political situation. After two years of falling GDP, which marked one of the

deepest crises in Italy's history, growth returned in 2017 (+1%) and 2018 closed with a growth of 1.1% compared to the previous year. According to IBGE – Brazilian Geography and Statistic Institute – GDP growth for 2019 was 1.1%, the same as for the previous year. Although the government has successfully approved the Social Security Reform, the market is still waiting for some structural changes to improve the Brazilian government's investment capacity for a more significant recovery. In addition, turmoil in the external market, such as the trade war between the United States and China and Brexit, will have further effects on the Brazilian economy's recovery.
Operations, spending and the way consumers use the network and other Tim Brasil products and services could be affected by recent policies and initiatives in the Brazilian public and private sector to reduce the transmission of COVID-19 – such as travel restrictions, social distancing, working from home and online training by companies and institutions – as well as a reduction in disposable income for some customers as a result of the pandemic. In addition, COVID-19 could affect suppliers' ability to procure products and services, such as new mobile devices or SIM cards, or the ability to provide support to the network. Some of these factors could increase demand for TIM Brasil products and services, while others may decrease it or make it harder to satisfy customers, such as the closure of some stores. Due to the speed at which the situation is evolving, it is not possible to estimate the impact of COVID-19 on Tim Brasil's operating and financial results at this time, however the impact could be material.

RISKS RELATED TO THE LEGISLATIVE AND REGULATORY FRAMEWORK

Regulatory risks

The electronic communications industry is highly regulated. As such, new decisions by Autorità per le Garanzie nelle Comunicazioni (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 Italian Antitrust Authority (AGCM) 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;
- AGCom decisions with retroactive effect (for example, the revision of prices applicable to past years and the effectiveness and actual implementation of repricing policies, also following administrative rulings);
- AGCom decisions that can influence the technological choices, with potential impact on the timing of return on infrastructure investment;
- any AGCM decisions that can limit TIM's competitive capacity (for example, in terms of minimum retail prices to guarantee replicability);
- any inadequacy in the implementation of processes and systems for the management of regulated services, identified by AGCom or AGCM;
- any AGCom or AGCM decisions that impose constraints on the *pricing* of fixed-line and mobile offers on the basis of consumer protection legislation.

Compliance risks

The TIM Group may be exposed to risks of non-compliance 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-conformities are identified and is monitored by the dedicated internal control system.
Compliance with Commission Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR), directly applicable as from May 25, 2018 and enacted in Italy by Legislative Decree no. 101/2018 is particularly important. This Regulation 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. Starting from the operating model already in use with pre-existing privacy regulations, the TIM Group has taken necessary action to comply with the GDPR.

Golden Power

The “Golden Power” Decrees that give the government special powers over corporate structures in the defense and national security sectors, as well as for activities of strategic importance in the telecommunications sector, affect the public-private relationship, in addition, adding value to the technological assets and services included in the Golden Power perimeter, with content derived from the pursued institutional purpose.
In summary, the Prime Minister established that the Company is subject to the obligations pursuant to Legislative Decree no. 21/2012 (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.
The government’s ruling was subsequently integrated with the Law of May 20, 2019, no. 41 which included measures relating to electronic broadband communication services based on 5G technology within a wider framework of urgent measures”.
With the aforementioned ruling of October 16, 2017, the Prime Minister exercised the special powers provided for in article 1 of the Golden Power Decree by imposing specific provisions and conditions on TIM and the Sparkle and Telsy subsidiaries. The measures concern corporate and organizational governance; in particular, the Prime Minister requires 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) and the establishment of a Security Organization unit.
This organizational unit is responsible for activities relevant to national security and the regulations also require that it is involved in all decision-making processes relating to strategic activities and the network and is assigned to a Security Officer chosen from a list of names proposed by the Department of Information Security in the Prime Minister’s Office.
TIM, Sparkle and Telsy must also provide prior information on any decision that may, among other things, reduce or yield technological, operational and industrial capabilities in strategic activities.
These measures also relate to the prior communication obligation of corporate decisions (appointments, sales, etc.) as well as information on network and exchange development, investment and maintenance plans, to preserve their functionality and integrity, as well as the obligation to notify of any corporate action that may have an impact on their security, availability and functioning.
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 subsequent implementing decrees of September 5, 2019 and July 6, 2020, the Legislator imposed the exercise of special powers in relation to the supply of 5G technology produced outside the EU, stating that these communication services constitute activities of strategic importance for the National Defense and Security system.

RISKS RELATED TO LEGAL PROCEDURES AND REGULATORY AUTHORITIES

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.

MAIN CHANGES IN THE REGULATORY FRAMEWORK

DOMESTIC

In this section we report the main changes in the regulatory framework in the first half of 2020 in the Domestic region.
As regards the Antitrust proceedings (A514, I799, I820, PS11532 and IP327), as well as the proceedings regarding the 28-day invoicing, see the Note "Disputes and pending legal actions, other information, commitments and guarantees" in the Half-Year Condensed Consolidated Financial Statements of the TIM Group at June 30, 2020.

New EU Electronic Communications Code

The (EU) 2018/1972 Directive, which establishes the new European Electronic Communications Code (Code), will be applicable in Member States after its transposition into national laws, which must take place by December 21, 2020.
The Code reviews and replaces the previous European regulatory framework made up of the Access Directive, Framework Directive, Authorization Directive and the Universal Service Directive.
The main changes concern the regulation of access/interconnection, spectrum management and Universal Service obligations.

Access and interconnection regulation

The new rules aim to stimulate investment in very high capacity networks while continuing to protect competition and the interests of end users.
The new European Electronic Communications Code promotes co-investment as a model for developing Very High Capacity Networks – VHCNs, providing for the possibility of not imposing *ex-ante* regulatory obligations on new VHCNs set up in co-investment in the face of specific binding commitments for operators with Significant Market Power (SPM) on the conditions of access and the opening up of the co-investment offer.
The new Code also provides for a lighter regulatory regime for SPM companies that have developed a the "wholesale-only" model, where the National Regulatory Authority (NRA) may exempt SPM operators who offer communication services from certain obligations, including cost orientation electronics exclusively in wholesale markets, imposing only the obligations of access, non- discrimination and fair and reasonable pricing on them;
Finally, the Code also privileges the obligation of access to infrastructures over other *ex ante* obligations and extends the possibility of imposing symmetric access obligations on essential network infrastructures beyond the first distribution/concentration point. It introduces longer market review periods (five years instead of three) to offer operators greater certainty and provides for the European Commission to set EU price caps for mobile and fixed termination rates applicable to all operators active on termination markets.
The new measures mentioned so far aim to encourage investments in the new VHCNs.

Spectrum management

The new Code introduces new rules for the development of mobile networks and 5G, including the minimum duration of the rights to use frequencies, equal to 15 years with the possibility of an extension of an additional 5 years. A subsidized regime for the installation of small cells was also introduced as was:

- consistency of installation rules at national level;
- installations not subject to individual preventive permits (with some exceptions);
- installations not subject to contributions or charges in addition to administrative charges;
- right of access on fair, reasonable, transparent and non-discriminatory conditions to any physical infrastructure controlled by public authorities (e.g. light poles, road signs, etc.).

On June 30, 2020, the European Commission adopted Implementing Regulation (EU) 2020/911 (applicable from December 21, 2020) which defines the physical and technical characteristics of the small cells that fall within the scope of the subsidized regime.

Universal Service obligations

The Code provides an obligation for all broadband Internet access service and fixed location voice communication services providers to ensure "financial accessibility" for residential users (in particular those with a low-income or special social needs). However, Member States are free to impose universal service obligations (including coverage obligations where necessary) on designated companies (as is currently the case in Italy, where TIM is the designated company).

Each Member State must decide what is appropriate broadband internet access; the access speed must at least allow end users to use the services listed in Annex V of the Code.
A Member State can continue to impose obligations related to public telephony, if the need for this service is determined on the basis of national circumstances
There are no longer specific QoS-Quality of Service obligations related to the provision of the universal service.
Member States can also choose the public and/or sectoral financing methods for costs relating to the universal service:
The changes introduced by the Code will presumably lead to a revision of the universal service regime currently applied in Italy.

BEREC Regulation

The 2018/1971 Regulation revises the operating rules for the Body of European Regulators for Electronic Communications (BEREC) and the tasks assigned to it. In particular, these include:

- assisting and advising the Commission, at its request, in relation to drafting legislative proposals in the field of electronic communications, including any proposals to amend the Regulation or Code;
- preparing guidelines for the implementation of the Code (e.g. geographic mapping of access networks, Very High Capacity Networks – VHCN and co-investment, symmetric obligations);
- the BEREC and Commission double-lock veto on decisions relating to the imposition of symmetric obligations beyond the first distribution or concentration point and non-imposition of obligations in the presence of binding commitments on co-investment in VHCN (introduced in the Code).

The Regulation does not amend the governance of BEREC: with continued provision for BEREC and the BEREC Office, the latter being an EU agency with legal personality.

Intra-EU international communications regulation

The BEREC regulation also introduces caps for intra-EU international calls and SMSs only for fixed-line and mobile consumer customers.
The caps for intra-EU international calls and SMSs were applied from May 15, 2019, for a duration of 5 years, so until May 14, 2024:

- 19 euro cents/min (+VAT) for international intra-EU calls;
- 6 euro cents/SMS (+VAT) for intra-EU international SMSs.

Wholesale fixed-line markets

Fixed network access market analysis

The final provision published on August 8, 2019 defines the obligations and economic conditions for wholesale access services for the period 2018–2021.
The main decisions relate to:

- repeal of TIM's qualification as an operator with Significant Market Power (SPM) in the access market – and, consequently, repeal of all ex ante regulatory obligations – in the municipality of Milan and confirmation of SPM operator qualification for the rest of the National territory;
- repeal of the obligation to guide the cost of bitstream copper and fiber service prices in 26 municipalities considered "contestable" (list to be updated annually); the possibility to apply, in the same municipalities, different VULA prices from the national average value set by the Authority starting from 2021, if certain conditions to be defined by the Authority are met, through a specific procedure put in place with resolution no. 481/19/CONS published on February 4, 2020;
- wholesale access rates for copper and fiber for 2018 equal to those of 2017, unless there is a limited reduction in the VULA FTTC fee;
- gradual increase in the full unbundling price (ULL) and bitstream price on copper in the 2019–2021 period;
- sub loop unbundling (SLU) price stability in the 2019–2021 period;
- gradual decrease in fiber access prices (VULA FTTC and FTTH) and price differentiation of the bandwidth, starting in 2021, depending on whether the access line is on a copper or NGA network;
- repeal of the current prior AGCom notification obligations and verification of ex ante "replicability" for flagship offers with speeds greater than or equal to 100 Mbit/s and, in other cases, reduction of prior notification period from 30 to 20 days;
- definition of the process and timing for the decommissioning of TIM exchanges;
- possibility of using vectoring in FTTC cabinets where alternative operators have not requested sub loop unbundling (SLU) lines;

- elimination of current asymmetries in procedures to change TIM network operator between processes to return to TIM and changing from TIM to alternative operators.

Infratel Tenders for the subsidizing of ultrabroadband networks

At the end of December 2018, the third and final call for coverage of ultrabroadband “white areas” not covered by the private operator plans was also assigned to Open Fiber.
The related Concessions for the Calabria, Puglia and Sardinia regions was signed on April 2, 2019.
Infratel launched a new consultation on ultrabroadband coverage plans to get an up-to-date picture of gray and black area coverage on January 18, 2019, following previous consultations.
The results of the consultation were published on May 15, 2019. Infratel held that further technical insight was necessary and will set up a technical working group with operators to investigate the technological evolution of FWA and VDSL solutions capable of reaching speeds in excess of 100 Mbit/s.
This monitoring activity will be used to allow the Italian government to assess the launch of public activities to promote a step change in the ultrabroadband coverage of “gray” areas not covered at 100 Mbit/s.
To prevent any overlap with ongoing private activities and, at the same time, to guarantee the widest coverage across Italy, Infratel will ask operators to enter into a contract on the declared coverage commitments before each notification of public activities.
At the meeting of the ultrabroadband committee (COBUL) on July 17, 2019, the Government approved the launch of the second phase of the ultrabroadband plan to take action in Italy’s gray areas and support the demand for ultra-fast services through special vouchers for consumer, business and public administration customer connectivity. The operating procedures for the planned activities will be defined by COBUL in consultation with MiSE/Infratel and submitted to the European Commission. On December 19, 2019, COBUL decided to revive the Government activity on the UBB plan and to convene once a month to monitor the progress of the process for defining measures for the infrastructure side and demand incentives.
At the COBUL meeting of January 23, 2020, a program document was approved which provides for the measures to be issued for the launch of a new tender for gray areas and the adoption of application vouchers by the end of summer 2020.
At the COBUL meeting of May 5, 2020, the Government approved an executive plan for public funding for a total amount of 2.7 billion euros, providing for the following interventions to support the development of UBB demand and infrastructure.

- School Plan 2020-23 (400 million euros) -> first 3,000 schools in 2020
  - connect 32,213 school complexes (81.4% of the total) to ultra broadband up to 1 Gbps with 100 Mbps guaranteed)
    - all middle and high school complexes throughout Italy
    - all primary and kindergarten complexes in "white areas"

- Voucher Plan (1,146 million euros) – ISEE (low income) Families from July 2020, other interventions from October 2020
  - Families with ISEE under 20,000 euros (286,542,816.30 euros): 500 euros (200 euros for connectivity + 300 euros for Tablet or PC on loan)
  - ISEE unlimited families (320,927,954.20 euro): 200 euros for connectivity of at least 30 Mbps (all technologies including satellite)
  - Companies > 30 Mbit/s (114,617,126.50 euros): 500 euros for connectivity of at least 30 Mbps (all technologies, including satellite)
  - Fiber companies (401,159,942.80 euros): 2,000 euros for connectivity up to 1 Gbits (fiber)

- Gray Areas Plan (1,126 million euros) -> Call and assignment by 2020
  - infrastructure of some industrial districts in the "gray areas" on a regional basis and municipalities with a higher concentration of businesses than the population.

On June 24, 2020, Infratel launched a new consultation on gray and black area coverage to identify gray areas for the implementation of the new activities established by the COBUL of May 5, 2020, in order to:
- monitor the maintenance of the coverage commitments undertaken, pursuant to point 65 of the Community Guidelines, by the operators who responded to the 2019 Consultation;
- gather evidence of new implemented or planned activities for the next three years.

Based on the results of the mapping update, the details of the activities will be established and the European Commission will be notified.

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.

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, still "in progress" to date, 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 published the public consultation relating to the review of the inequity of the net cost of the universal service 1999–2009. In 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 find the existence of an unfair charge for TIM.
As a result of this view, the aforementioned Council of State provision no. 6881, which imposed on TIM a refund of the sums paid by Vodafone, could lose its effectiveness for the years 2002–2003. The extension of the time period subject to renewal until 2009 was necessary following the recent 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, recently 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.
On December 4, 2019, AGCom began certification activities for the Net Cost 2010–2013, to be carried out by the BDO S.p.A. company. The verification activities relating to the years 2010 and 2011 ended at the end of May 2020. On June 30, the 2012 annual audit activities kicked off and are expected to be completed by October.
In relation to the universal service quality objectives, in 2019, AGCom fined TIM twice, each time for an amount equal to 58,000 euros. Both fines were for the failure to reach, in different years, targets relating to the "Average operator response time to incoming calls". The first of the two fines relates to 2017 for a non-compliance of 17" (identified by AGCom with resolution 103/19/CONS: The actual figures 87" vs. target of 70"). The second fine relates to the following year (2018) and in this case the non-compliance was 24" (identified by AGCom with resolution 438/19/CONS: The actual figures 94" vs. target of 70").
For the resolution 103/19/CONS only, due to the failure to comply with some formal requirements, on June 18, 2019 TIM filed an appeal for cancellation before the Lazio TAR.
Furthermore, the Lazio TAR, with final judgment no. 3948/2018 – in acceptance of TIM's appeal no. 2661/08 – canceled decision no. 633/07/CONS, with which AGCom fined TIM for an amount equal to 116,000.00 euros due to the failure to comply in 2006 with the "Failure rate per access line" target. TIM is awaiting reimbursement from the State General Accounting Office.

Guidelines for voluntary withdrawal

With resolution no. 487/18/CONS, the Authority regulated the ways operators must manage dissolution and transfer methods for user contracts.
TIM challenged the resolution regarding the provisions that limit the right to fully recover the costs in case of withdrawal (discounts from promotions, product installments). The administrative judge dismissed TIM's appeal.

Freedom to choose Modems

With resolution no. 348/18/CONS, the Authority ratified the principle of user freedom to choose modems for Internet access.
TIM challenged the resolution in relation to the transitional provisions for customers who have an internet offer combined with a modem for a fee (sale and rental) in the months preceding the entry into force of resolution no. 348/18/CONS (December 1, 2018). Following the Council of State order at the end of 2018, which suspended the transitional provisions pending a hearing being set in the Lazio TAR, and which asked for the hearing set for

October to be brought forward, on January 29, 2019, the Lazio TAR confirmed the public hearing, already set for October 23, 2019. On January 28, 2020, the TAR rejected TIM's appeal. TIM appealed against the TAR judgment. In May 2020, TIM notified its customers who had signed up for an Internet access and installment modem purchase offer before December 1, 2019, that they had the option to sign up for an equivalent Internet offer without a modem and an allowance for the remaining installments. By signing up for the equivalent offer, the residual debt in installments on the customer's bill for the purchase of the modem would not be due, this did not entail any additional charges for the customer or implied changes to the financial and contractual terms and conditions for using the active services on the line.

Authority fees

AGCom contribution fee

On February 24, 2020, AGCom issued resolution no. 434/19/CONS relating to the payment of the AGCom contribution fee for the year 2020 (calculated on the 2018 financial statements figures). The guidelines for calculating the contribution fee are unchanged compared to the guidelines for calculating the 2019 contribution fee. For 2020, AGCom has confirmed the rate of 1.30 per thousand. On the basis of this new rate, TIM paid around 18.134 million euros under reserve.

Privacy and personal data protection

General Data Protection Regulation (GDPR) and Legislative Decree 101/2018

On May 25, 2018, the General Data Protection Regulation (Regulation (EU) no. 2016/679 – "GDPR") came into force.
Furthermore, on September 19, 2018, Legislative Decree no. 101 of August 10, 2018 entered into force, which brought the Code regarding the protection of personal data (Legislative Decree June 30, 2003, no. 196) in line with the provisions of the GDPR – EU Regulation 2016/679.
To ensure compliance of personal data processing with the GDPR within Group companies, TIM has carried out the activities provided in the adaptation plan.
Of the main changes, the following is noted:

- the appointment of a Data Protection Officer and establishment of related contact points for individuals with questions relating to the processing of their personal data;
- the review of the "System of rules for the application of legislation on personal data protection in the Telecom Italia Group" was completed in 2018 to bring TIM in line with the provisions of the GDPR, and revision of the same policy was completed for Group companies September 2019, as a consequence of the entry into force of Legislative Decree August 10, 2018, no. 101;
- the updating of the numerous policy notice texts on personal data processing, provided by TIM and the other Group companies to different types of Data Subjects (e.g. customers, employees, visitors).

A specific training project was put in place to raise awareness in the various company departments and illustrate the policies and procedures issued for applying the legislation on personal data processing. This training was provided during 2019.

COVID-19 Emergency

In light of the COVID-19 emergency, the Data Protection Authority issued provisions and clarifications relating to the processing of employees' personal data in the workplace.
TIM has ensured it is in compliance with the provisions through various activities. In particular:

- an ad hoc policy has been drafted relating to the processing of personal data collected through real time temperature checks of employees and all those who access company premises in accordance with the provisions of the Prime Minister's Decree of April 26, 2020;
- the self-certification to be submitted by employees, certifying whether in the last 14 days they have had contact with anyone who has tested positive for COVID-19 or coming from areas at risk according to the WHO guidelines, has been brought into compliance with the Data Protection Authority requirements. The declaration provides that only the necessary, adequate and relevant data regarding the prevention of COVID-19 infection is collected without requesting additional information in relation to the person who tested positive, specific locations visited or other details relating to the private sphere;
- guidance has been given regarding the processing of personal data of TIM employees and Group companies collected during serological tests and the related consents to allow third parties to process the information only if the test is positive.

Spectrum

In April 2020, AGCom published a public consultation on the renewal for the eight years until 2029 of the rights to use of the TIM, Vodafone and Wind/H3G FDD spectrum in the 2100 MHz band (2x15MHz for TIM and Vodafone, 2X5 MHz for Wind/H3G). AGCom's proposal for renewal costs for TIM is slightly less than 260 million euros and could be divided into annual installments.
In May 2020, AGCom published a public consultation on the end of GSM coverage obligations, currently set for June 30, 2022. AGCom's preliminary assessment is in favor of confirming this date, considering that the end of the GSM services provision is currently set for December 31, 2029 in Italy.
Also in May 2020, MiSE published a public consultation on end-of-sale GSM and UMTS devices considering the aforementioned end of GSM services provision and the possibility of migrating UMTS customers to LTE or 5G.
On June 30, 2020, the 5G pre-commercial trials ended with the 3.6–3.8 GHz spectrum portion referred to in the determined MISE directorate of March 16, 2017. As of July 1st, therefore TIM can offer commercial 5G services at 3.72-3.80 GHz throughout Italy.

Regulatory measures for COVID-19

Based on the government "Cura Italia" decree, on March 18, 2020, AGCom adopted a first package of measures aimed at guaranteeing telecommunication services; this package takes into account the current health emergency situation and growth in the consumption of services and network traffic.

Two of the four permanent technical working groups set up by AGCom concern:

- improvement and security of telecommunication networks and services; and
- protection and facilitation of the use of digital services by consumers.

In implementation of the Decree, which allows AGCom to derogate from some regulatory conditions to better deal with public interest issues during the current health emergency period, AGCom has defined measures to improve the conditions of TIM's offer of regulated network services, by providing:

- a temporary reduction in the regulated wholesale costs of the Ethernet band for copper and fiber access
- the maximum commitment for the accelerated supply of transport equipment and VLANs necessary for increasing the bandwidth and for following up the early opening of new NGA cabinets.

In addition, TIM must make its infrastructure available throughout Italy, responding to consumer requests without discrimination in relation to the country's technology and geographical areas.
AGCom has also asked all operators to make all possible efforts to contribute to the management of the state of emergency, indicating actions deemed relevant such as:

- trying to guarantee an increase in the average bandwidth per customer on the fixed network of at least 30% in the shortest possible time, where technically possible;
- making every effort, in the absence of coverage with an NGA fixed network and at the request of the condominium or the legal person responsible for the office, to activate, without any increase in costs until June 30, 2020, every possible access solution;
- recommend to final consumers that they use mainly fixed-line access at home (including wi-fi) so as not to overload the mobile network.

In relation to network adjustments, TIM has significantly increased bandwidth capacity both towards the Big Internet and on national nodes, improved mobile coverage and is increasing the coverage of the UBB fixed network.
In relation to the commercial offer for alternative operators, TIM has made price reductions available for the Ethernet band on the copper and fiber network, is managing requests for bandwidth increase received by the Other Authorized Operators (AOA) with a high priority and has allowed free and direct access to the TIM data network through public peering.
Finally, to counter the spread of COVID-19, TIM has defined an operating procedure for safely carrying out technical network works.
On the other hand, operators voluntarily proposed different measures to their customers. In particular, TIM has proposed free voice calls, free Gigabits and many other voluntary initiatives in support of remote working and distance learning.

Extension of the Golden Power rule to 5G technology services

Law Decree Law March 25, 2019, no. 22 and Law Decree July 11, 2019, no. 64

The Law Decree of March 25, 2019, no. 22 amends the Law Decree March 15, 2012, no. 21, converted, with amendments, by Law May 11, 2012, no. 56 and classifies 5G development as a strategic activity in relation to defence and national security, which requires stricter controls.
In particular, the following are subject to special powers:
a) the agreement of contracts or agreements for the purchase of goods or services relating to the design, construction, maintenance and management of 5G service networks;
b) the acquisition of high-tech components necessary for implementation or management;
c) factors indicating the existence of vulnerabilities that could compromise the integrity and security of networks and the data sent on them.

In particular, the agreement of contracts and acquisition of high intensity components from subjects outside the European Union, carry an obligation to notify the Prime Minister to allow a timely exercise of the veto power.
Failure to comply with this notification obligation carries a pecuniary administrative fine equal to twice the value of the transaction and in any event not less than 1 percent of the turnover of the last financial year.
The Law Decree also provides for the Prime Minister to adopt a decree (DPCM) to identify measures to simplify the notification methods.
In relation to this, on June 27, 2019, the Government launched a public consultation, for the eventual adoption of the Prime Ministerial Decree, to take contributions from interested parties on the following issues:
a) identification of simplified notification methods, possibly differentiated (for example, based on activity performed, services offered or type of infrastructure concerned);
b) definition of simplified procedures and terms for investigations, in relation to specific circumstances.

Contributions were submitted in July 2019.
On July 11, 2019, Law Decree no. 64, which introduced further changes to the provisions of Law Decree March 15, 2012 no. 21, was converted, with amendments, by the Law of May 11, 2012, no. 56.
In relation to 5G in particular, the new Decree introduces the obligation to notify the Prime Minister, making full disclosure within ten days of the finalization of a contract or agreement concerning the purchase of goods or services relating to the design, construction, maintenance and management of 5G networks or the acquisition of high-tech components for the aforementioned construction or management, when agreed with subjects outside the European Union, to allow the possible exercise of the veto power or the imposition of specific requirements or conditions.
The Prime Minister will communicate any possible veto or the imposition of specific requirements or conditions within forty-five days of notification.
Due to the failure to convert the aforementioned Law Decree no. 64 into law, the Golden Power regulations (both general and 5G specific) have been further integrated by the provisions of the Law Decree of September 21, 2019, no. 105, converted with the Law of November 18, 2019, no. 133, containing “Urgent provisions on the cybernetic national security perimeter”. In particular, it provides that the obligations aimed at ensuring cyber security also apply to companies subject to 5G specific notification obligations. Furthermore, the terms for the assessment of the possible exercise of special powers by the Government have been extended.
Law Decree no. 23 of April 8, 2020 (adopted with amendments by law no. 40 of June 5, 2020) substantially amended the general Golden Power regulation: also in relation to the communications sector, the obligation to notify of participations by foreign entity companies, including those outside the European Union, has been extended, in cases where the transaction is likely to determine the control over the company in which the equity investment was purchased.

BRAZIL

Revision of the model for the provision of telecommunications services

In April 2016, the working group composed of the Ministry of Science, Technology, Innovation and Communications (MCTIC), now called the Ministry of Communications (Minicom), and Anatel (Brazilian National Telecommunications Agency) published its final report with a “diagnosis” on the telecommunications industry and proposed guidelines for the revision of the Brazilian regulatory model. A bill (PLC 79/2016) was then presented to the National Congress of Brazil to propose amendments to the General Telecommunications Law.
Law 13.879 was approved in 2019 and entered into force on October 4, 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. 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 (currently limited to only one) and allows the exchange of radio frequencies between operators (secondary spectrum market).
In June 2020, Decree 10402 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.
Another series of important rules was established by Decree 9612/2018 ("Connectivity Plan"), 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 relative 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 (as identified by Anatel and approved by the MCTIC) 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.

Revision of Competition Rules

In November 2012, the Brazilian regulator Anatel introduced instruments for the market analysis, the identification of operators with significant market power (SMP) and the consequent imposition of ex-ante obligations (*Plano Geral de Metas de Competição* – PGMC).
Anatel has established a number of asymmetrical obligations on all markets for operators with a Significant Market Power (SMP).
In July 2018, Anatel published the new PGMC revising some points and defining two new markets: (i) interconnection for mobile services; and (ii) high capacity data transmission.
TIM Brasil has been identified as the SMP operator for: (i) mobile network terminals; (ii) national roaming; and (iii) high capacity data transport (in five municipalities).
The measures applied to the SMP operator in these markets include the obligation for non-SMP operators to offer national roaming services. The obligation for access to the copper network has been maintained (e.g. leased lines, bitstream and full unbundling) was maintained.
Since 2016, fixed interconnection rates have been based on a cost-oriented approach. In December 2018, Anatel published the laws that establish the MTR (Mobile Termination Rate) that will be valid from 2020 to 2023.

Revision of the Service Quality Regulation

In December 2019, Anatel approved the new Telecommunication Services Quality Regulation (RQUAL), based on a reactive approach to standards. In this new model, quality is measured on the basis of three 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 the standards' responsive approach, Anatel will be able to take measures based on specific cases, including consumer compensation, the adoption of an action plan or the application of precautionary measures to ensure quality standard improvements.
The new regulation is scheduled to enter into force by 2021; until Anatel sets up the Working Group, operators and the support body for quality assurance (ESAQ) will define the objectives, criteria and reference values and Anatel will monitor the indicators that guarantee analogy with the new ones introduced in the new RQUAL. The criteria and reference values will be established in the next 12 months by the Working Group.

700 MHz and Analog TV switch off

In September 2014, TIM won the tender for the award of the 700 MHz (4G/LTE) band frequencies, for a price of 1.7 billion reais, and with additional commitments of 1.2 billion reais (in four annual installments, adjusted for inflation) as a contribution to the consortium established by the tender ("EAD") for all the operators (TIM, Algar, Claro and Vivo) awarded the contract for managing the freeing up of the 700 MHz band through the switch off of analog TV, the redistribution of channels and the clean-up of interference. To that end, the first payment (370 million reais) was made in April 2015 and another two payments (for a total of 860 million reais) were both made in January 2017, while the final installment (142 million reais) was duly paid in January 2018.
The spectrum for mobile traffic was released in 2016, and in June 2019 the availability for all municipalities was guaranteed, meaning that the entire Brazilian population can be covered by 700 MHz LTE.

Throughout 2020, EAD will have to meet the remaining auction obligations, concluding the relocation of broadcasters and provisions on interference solutions relating to completion of the switch off process and the full availability of the spectrum for mobile operators.

“Marco Civil da Internet” and Network Neutrality

The “Marco Civil da Internet” (MCI), approved in April 2014 by Brazilian Law no. 12965/2014, defined network neutrality as the “duty to treat different data packages in the same way, without distinction based on content, origin and destination, service, terminal or application”. On May 11, 2016, Brazilian Presidential Decree no. 8771/2016 was published, which regulates exceptions to the principle of net neutrality, set out in article 9 of the mentioned law.

In August 2017, the oversight board (“GS”) of the Administrative Council for Economic Defense (CADE) handed down a decision in favor of Brazil’s mobile TLC providers, which excluded the imposition of fines in relation to a preliminary investigation into alleged unfair competition in “zero rating” offers and promotions on Internet data consumption. The oversight board heard the depositions of various parties, including the Ministry of Science, Technology, Innovation and Communications (MCTIC) and Anatel, and concluded that Internet business models should not be banned *ex ante*, but instead should be monitored comprehensively to prevent any cases of unfair competition.

Strategic Digital Transformation and the Internet of Things

In March 2018, the E-Digital Decree 9319/2018 was published, it identified about 100 strategic actions to encourage competition and the country’s level of online productivity, as well as to increase connectivity and digital inclusion levels. These actions aim to address the digital economy’s main strategic issues, including connectivity infrastructure, data use and protection, the Internet of Things and cybersecurity.
The Decree on the National Plan for the Internet of Things (Decree 9854/2019) was published in June 2019, to regulate and promote this technology in Brazil. The Decree describes the Internet of Things (IoT) as the “infrastructure integrating the value-added services offer with the ability to physically or virtually connect things with devices based on existing information and communication technology and their evolution, through 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) education and professional training; (iv) connectivity and interoperability infrastructure; (v) regulation, security and privacy; (Iv) economic feasibility.

Data protection

On August 14, 2018, the Brazilian President promulgated the General Data Protection Law (Law 13709/2018). The new law, as promulgated by the President, is closer to the GDPR, including significant extra-territorial application and considerable fines of up to 2% of the Company’s global turnover of the previous financial year.
In December 2018, Provisional Measure 869/2018 passed by the former President amended Law 13709 to create the National Data Protection Authority (ANPD), within the structure of the Presidency of the Republic, which implies greater control by the State and, among other topics, extending the entry into force of the Law to 24 months (August 2020). By this date (August 2020) all legal entities will be required to adapt their data processing activities to the new rules.
In July 2019, Provisional Measure 869/2018 was converted into Law 13853, which provides for the maintenance of the ANPD, as a federal public administration body, part of the executive branch, with a transitory nature, for at least 2 years, when it may be transformed, by the executive branch, into an indirect federal public administration company".
On June 10, 2020, Law 14010 was approved and postponed the entry into force of the Data Protection Act (LGPD) until August 2020 and the applicability of administrative sanctions to August 2021. In May 2020, President Bolsonaro issued Provisional Measure 959, which postponed the entry into force of the LGPD until May 3, 2021.
Given that the Provisional Measure has yet to be approved by Congress, the date of entry into force of the LGPD is still under discussion.

CORPORATE BOARDS AT JUNE 30, 2020

BOARD OF DIRECTORS

The Ordinary Shareholders' meeting of TIM, held on May 4, 2018, appointed a new Board of 15 Directors and for a three-year term of office (up to the approval of the financial statements at December 31, 2020). At its first meeting on May 7, 2018, the Board of Directors appointed Fulvio Conti as its Chairman, and Amos Genish as Chief Executive Officer of the Company.
At the Board of Directors'meeting held on July 24, 2018, the director Dante Roscini was appointed Lead Independent Director, tasked with supporting the chairman (an independent) in coordinating the board's work, and with the powers and responsibilities identified in the Borsa Italiana Corporate Governance Code.
In the meeting of November 13, 2018, the Board of Directors revoked all the powers granted to the director Amos Genish, provisionally assigning them to the Chairman of the Board of Directors, Fulvio Conti; on November 18, 2018, the Board of Directors appointed Luigi Gubitosi as Chief Executive Officer and General Manager, granting him executive powers.
On February 21, 2019, the Board of Directors resolved to override the exclusion of the powers already assigned in November 2018 to the Head of Security from the perimeter of powers of the Chief Executive Officer, Luigi Gubitosi, as Security Chief Executive Officer pursuant to the regulations Golden Power.
On June 27, 2019, the Board of Directors took note of the resignation of Amos Genish as Director, unanimously co-opting director Franck Cadoret in his place.
On September 26, 2019, the Board of Directors took note of the resignation of Fulvio Conti as Chairman and Director and at the meeting of October 21, 2019 co-opted Salvatore Rossi, appointing him Chairman.
The Shareholders' Meeting of April 23, 2020 resolved to confirm the directors of the company (expiring at the approval of the financial statements at December 31, 2020) Messrs Franck Cadoret and Salvatore Rossi.
The Board of Directors meeting held at the conclusion of the Shareholders' Meeting resolved to confirm Mr. Salvatore Rossi as Chairman of the Board of Directors and Mr. Franck Cadoret as a member of the Sustainability and Strategies Committee.

The current power structure of the Company provides:

- to the Chairman, the powers and responsibilities contemplated by law, the Articles of Association and corporate governance arrangements;
- to the Chief Executive Officer, all powers necessary to perform acts pertinent to the Company's business, except for the powers reserved by law and the Articles of Association to the Board of Directors.

The composition of the Company's Board of Directors at June 30, 2020 was therefore:

Chairman	Salvatore Rossi (independent)
Chief Executive Officer and General Manager	Luigi Gubitosi
Directors	Alfredo Altavilla (independent) Paola Bonomo (independent) Franck Cadoret Giuseppina Capaldo (independent) Maria Elena Cappello (independent) Massimo Ferrari (independent) Paola Giannotti de Ponti (independent) Marella Moretti (independent) Lucia Morselli (independent) Dante Roscini (Lead Independent Director) Arnaud Roy de Puyfontaine Rocco Sabelli (independent) Michele Valensise (independent)
Secretary to the Board	Agostino Nuzzolo

The following board committees were in place at June 30, 2020:

- **Control and Risk Committee:** composed of the Directors: Paola Giannotti de Ponti (Chairman), Massimo Ferrari, Marella Moretti, Lucia Morselli and Michele Valensise;
- **Nomination and Remuneration Committee**: composed of the Directors: Alfredo Altavilla (Chairman), Paola Bonomo, Giuseppina Capaldo, Rocco Sabelli, and Michele Valensise;
- **Related Parties Committee:** composed of the Directors: Lucia Morselli (Chairwoman), Giuseppina Capaldo, Maria Elena Cappello, Marella Moretti, and Dante Roscini;
- **Sustainability and Strategies Committee** (renamed by the Board of Directors on March 10, 2020, which amended the mission of the Strategic Committee, including the task of checking the consistency of Telecom Italia's objectives and management with environmental, social and corporate sustainability criteria)**:** made up of the Chairman of the Board of Directors, Salvatore Rossi, the Chief Executive Officer, Luigi Gubitosi, and the Directors Paola Bonomo (from March 10, 2020), Franck Cadoret (confirmed on April 23, 2020), Maria Elena Cappello (from March 10, 2020), Arnaud Roy de Puyfontaine, Massimo Ferrari and Rocco Sabelli.

BOARD OF STATUTORY AUDITORS

The Ordinary Shareholders' Meeting of April 24, 2018 appointed the Company's Board of Statutory Auditors for a term of office that will end with the approval of the 2020 financial statements.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Roberto Capone
Acting Auditors	Giulia De Martino
	Anna Doro
	Marco Fazzini
	Francesco Schiavone Panni
Alternate Auditors	Andrea Balelli
	Antonia Coppola
	Franco Dalla Sega
	Laura Fiordelisi

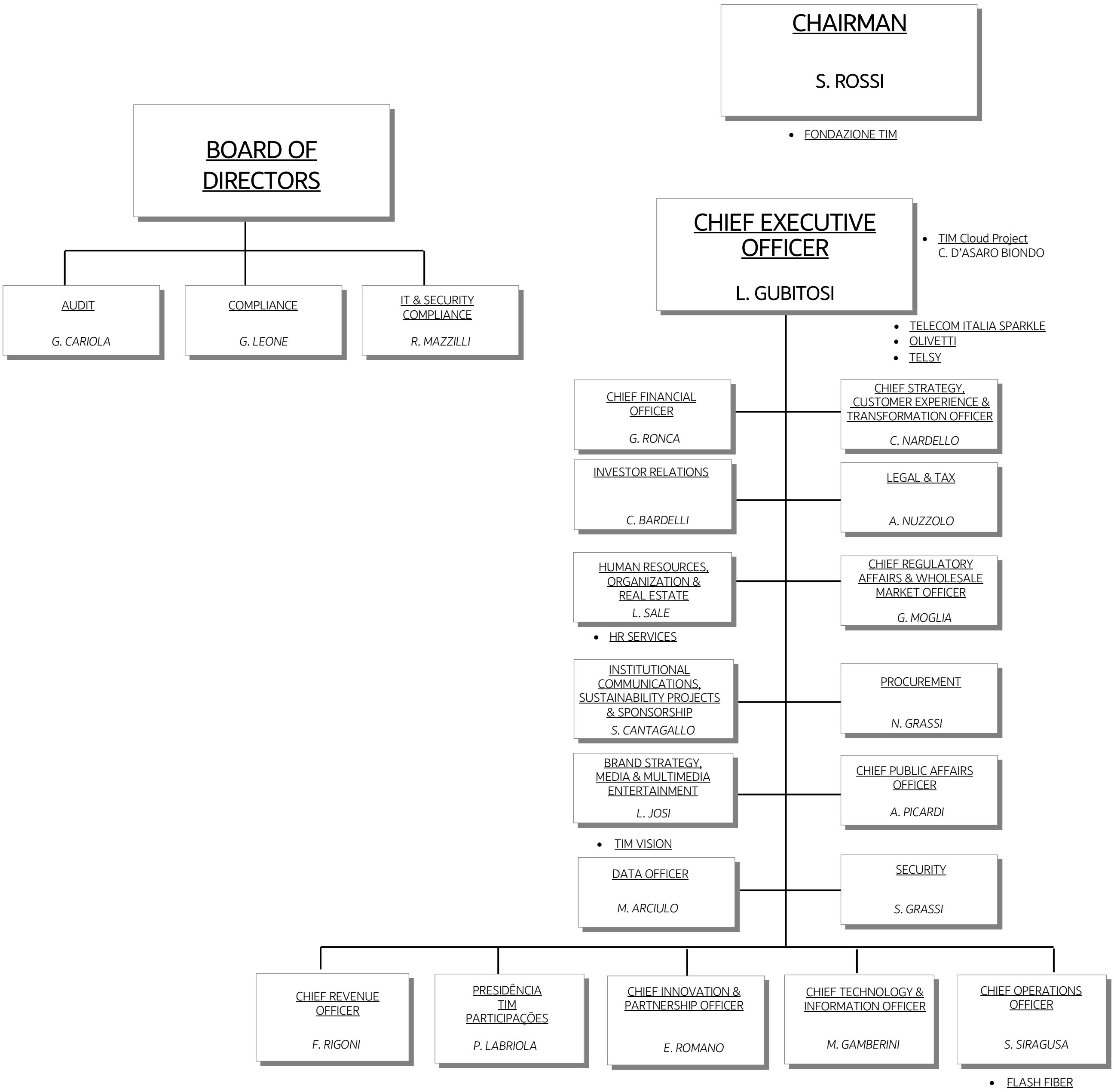
INDEPENDENT AUDITORS

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.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

At the meeting of May 20, 2019, the Board of Directors appointed Giovanni Ronca (Head of the Group Administration, Finance and Control Function) as the manager responsible for preparing the financial reports of TIM S.p.A..

MACRO-ORGANIZATION CHART



INFORMATION FOR INVESTORS

SHARE CAPITAL OF TIM S.p.A. AT JUNE 30, 2020

Share capital	11,677,002,855.10 euros
Number of ordinary shares (without nominal value)	15,203,122,583
Number of savings shares (without nominal value)	6,027,791,699
Number of TIM S.p.A. ordinary treasury shares	35,179,709
Number of TIM S.p.A. ordinary shares held by Telecom Italia Finance S.A.	126,082,374
Percentage of ordinary treasury shares held by the Group to total share capital	0.76%
Market capitalization (based on June 2020 average prices)	7,735 millions 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.".

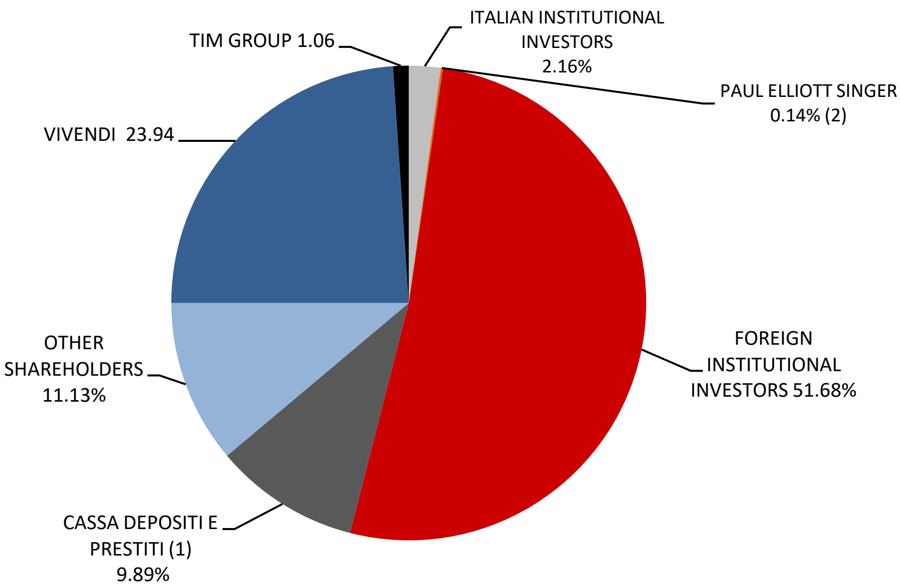
TIM S.p.A. ordinary and savings shares are listed on the Italian stock exchange (FTSE index), whereas the ordinary shares of Tim Participações S.A. are listed in Brazil (BOVESPA index).

	TIM-Telecom Italia		**Tim Participações**
Code	ordinary shares	savings shares	
Stock exchange	IT0003497168	IT0003497176	BRTIMPACNOR1
Bloomberg	TIT IM	TITR IM	TIMP3 BZ
Reuters	TLIT.MI	TLITn.MI	TIMP3.SA

Ordinary shares of Tim Participações 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 Participações S.A..
From October 8, 2019, the deregistration of TIM S.p.A. securities, previously listed on the NYSE (through ordinary and savings American Depositary Shares), took effect with the consequent end to the information obligations for TIM pursuant to U.S. Securities Exchange Act of 1934.
The had no consequences for the listing and trading of TIM's ordinary and savings shares on the Borsa Italiana. The decision to delist from the NYSE was made with the aim of simplification and cost saving, without prejudice to the high standards of corporate governance, a solid internal control system and transparent economic and financial information (including the publication on the www.gruppotim.it website of the English translations of financial statements, press releases and other regulated information material).

SHAREHOLDERS

Shareholder composition according to the Shareholders Book at June 30, 2020, supplemented by communications received and other available sources of information (ordinary shares):



(1) Evidence of the ownership interests for the TIM shareholders' meeting on April 23, 2020.

(2) With effect from May 12, 2020, Paul E. Singer communicated to Consob and the Company, pursuant to art. 120 of Legislative Decree 58 of February 24, 1998, to have reduced his shareholding by way of indirect ownership with voting rights to 0.14% of TIM's ordinary share capital.

MAJOR HOLDINGS IN SHARE CAPITAL

Taking into account the entries in the Shareholders Book, communications sent to Consob and to the Company pursuant to Italian Legislative Decree 58 of February 24, 1998, Article 120, and other available sources of information, the relevant holdings of TIM S.p.A.'s ordinary share capital are as follows:

1) Results of investments above the threshold of 3% of the ordinary share capital (*) at June 30, 2020 from communications pursuant to art. 120 of Legislative Decree no. 58 of February 24, 1998

Holder	Type of ownership	Percentage of ownership
Vivendi S.A.	Direct	23.94%
Cassa Depositi e Prestiti S.p.A.(**)	Direct	5.03%
Canada Pension Plan Investment Board (***)	Direct/Indirect	3.13%

(*) With resolution no. 21326 of April 9, 2020 (which repealed the previous resolution no. 21304 of March 17, 2020), Consob provided, pursuant to art. 120, paragraph 2-bis, of Legislative Decree 58 of February 24, 1998, for a period of three months starting from April 11, 2020 – and unless revoked earlier – the additional 1% threshold, beyond which the obligation arises to communicate to the investee company and Consob, pursuant to art. 120, paragraph 2 of Legislative Decree 58 of February 24, 1998. As a result of communications made pursuant to the aforementioned resolutions, Consob has disclosed the following equity holdings in TIM's ordinary share capital held directly:
- Norges Bank 1.053% – transaction date June 8, 2020
- Partners Telecom Sarl 2.987% – transaction date March 18, 2020.

(**) Ownership interest at February 18, 2019.

(***) From the notification made pursuant to the law, at January 21, 2019, the indirect ownership interest is 0.03%, held through the subsidiary CPPIB Map Cayman SPC.

With effect from April 30, 2020, Paul E. Singer communicated to Consob and the Company, pursuant to art. 120 of Legislative Decree 58 of February 24, 1998, to have reduced his shareholding in indirect ownership in TIM with voting rights from 6.976% to 0.265% on April 28, 2020; with effect from May 12, 2020, moreover, he communicated a further reduction of this shareholding to 0.136%. In both of the aforementioned communications, Paul E. Singer reported, pursuant to art. 119 of the Consob Issuers Regulation, a long participation through the stipulation by Elliott International L.P. and Elliott Associates L.P of equity swap contracts with JP Morgan expiring on May 30, 2023, of 4.862% of TIM ordinary share capital, thereby accounting for an aggregate holding, initially equal to 5.127% of TIM's ordinary share capital, reduced to 4.998% on May 12, 2020.

2) Other available sources of information

- From the evidence of the ownership interests disclosed for the TIM shareholders' meeting of March 29, 2019, confirmed on the in the meeting of April 23, 2020, the ownership interest of Cassa Depositi e Prestiti S.p.A. increased to 9.89% of ordinary share capital;
- Elliott International LP and Elliott Associates LP participated at the TIM Shareholders' Meeting of April 23, 2020, with a total number of shares equal to 4.86% of the ordinary share capital;
- Canada Pension Plan Investment Board participated at the TIM Shareholders' Meeting on April 23, 2020 with a direct ownership interest of a number of shares equal to 3.26% of the ordinary share capital; together with the indirect ownership interest notified pursuant to the law, the total direct and indirect ownership interest was at that date equal to 3.29% of the ordinary share capital.

COMMON REPRESENTATIVES

- The special meeting of the savings shareholders held on May 24, 2019 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, 2021.
- With a decree of July 3, 2020, the Court of Milan appointed the lawyer Antonio Franchi common representative of the bondholders for the loan "Telecom Italia S.p.A. 2002–2022 at Variable Rate, Special Open Series, Reserved for Subscription to TIM Group Personnel, in post and retired". The Bondholders' Meeting, convened for the appointment of the common representative on April 16, 2020, was not quorate.

RATING AT JUNE 30, 2020

At June 30, 2020, the three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rated TIM as follows:

	Rating	**Outlook**
STANDARD & POOR'S	BB+	Stable
MOODY'S	Ba1	Negative
FITCH RATINGS	BB+	Stable

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On January 17, 2013, the Board of Directors of TIM S.p.A. resolved to exercise the option, as per article 70 paragraph 8 and article 71 paragraph 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.

RELATED-PARTY TRANSACTIONS

In accordance with Article 5, paragraph 8 of Consob Regulation 17221 of March 12, 2010 concerning "Related-party transactions" and the subsequent Consob Resolution 19974 of April 27, 2017, no significant transactions were conducted in the first half of 2020, as defined by Article 4, paragraph 1a of the aforementioned regulation, that had a material impact on the financial position or the performance of the TIM Group.

In addition, there were no changes or developments with respect to the related party transactions described in the 2019 Report on Operations which had a significant effect on the financial position or on the performance of the TIM Group in the first half of 2020.

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 www.gruppotim.it, under the Group section/Governance System channel.

For information on transactions with related parties, see the Financial Statement Statements and the Note "Related party transactions" of the Half-Year Condensed Consolidated Financial Statements of the TIM Group at June 30, 2020.

ALTERNATIVE PERFORMANCE MEASURES

In this Interim Financial Report at June 30, 2020 of TIM Group, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. 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.

In particular, following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance indicators:

- **EBITDA adjusted 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 according to IFRS 16 (applied starting from 2019); This financial measure 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 the Group (as a whole and at the Business Unit level), in addition to EBIT;

- **Adjusted net financial debt After Lease**, calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of lease contracts according to IFRS 16 (applied starting from 2019). 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
-	Capital portion of lease payments

  This financial measure is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors) and is a useful indicator of the ability to generate Free Cash Flow.

The other alternative performance measures used are described below:

- **EBITDA**: this financial measure 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 assessing the operating performance of the Group (as a whole and at Business Unit level), in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments
+/-	Share of profits (losses) 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	

- **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. TIM believes that this method of presentation provides a more complete and effective interpretation of the Group's operating performance (as a whole and with reference to the Business Units); it is therefore also used in the presentations to analysts and investors. This Interim Financial Report provides a reconciliation between the "reported figure" and the "organic excluding the non-recurring component" figure.

- **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. Such indicators are used by TIM in internal presentations (business plans) and in external presentations (to analysts and investors) in order to illustrate the results from operations also through the comparison of the operating results of the reporting period with those of the previous periods.

- **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. This Interim Financial Report includes a table showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group.
  To provide a better representation of the true performance of Net Financial Debt, in addition to the usual indicator (renamed "Net financial debt carrying amount"), the TIM Group reports a measure called "Adjusted net financial debt", which neutralizes the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted net financial debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities.

Net financial debt is calculated as follows:

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

- **Equity Free Cash Flow (EFCF):** this financial measure is used by TIM as the financial target in internal presentations (business plans) and external presentations (to analysts and investors), shows cash generation and is intended as the net cash flow before payments relating to dividend and investments in frequencies. Therefore, it represents the Free Cash Flow available for dividend payments, debt repayment, impacts of leasing transactions and investment in frequencies. This measure excludes the financial impact of any acquisition and/or disposal of equity investments.

  The Equity Free Cash Flow measure is calculated as follows:

+	Operating Net Free Cash Flow
-	Impact for leasing
-	Payment of licences
-	Financial impact of acquisitions and/or disposals of shareholdings
-	dividend payment and Change in Equity

INNOVATION, RESEARCH AND DEVELOPMENT

TIM is continuing with the deployment of its 5G network and establishing 5G based commercial services including in collaboration with relevant partners. In addition to being functional to achieving these objectives, research and development activities in the first 6 months of 2020, significantly contributed to the initiatives to deal with the COVID-19 emergency that hit Italy.

TIM's commitment to innovation

The first six months of 2020, saw a significant restructuring of TIM's Innovation Department, which became independent reporting directly to Top Management, confirming and strengthening its role as a central element in responding to technological, market and competitive changes.
The Innovation Department, strengthened by TIM Open Labs, with offices in Turin, Milan, Rome and Catania, innovation development centers, established through the integration of TIM's technological laboratories with the TIM WCAP corporate offices, focuses on activities which create a competitive advantage for the company in terms of business, technological innovation and recognition of the brand's innovative value, both with a view to growing the top line and increasing the company's efficiency.
TIM has strengthened its commitment to the Open Innovation paradigm as an operating model by focusing on:

- establishing a large ecosystem of partners (start-ups, companies, universities, public administration...), to encourage meeting "demand" with "supply", so TIM can be a key element in the value chain,
- establishing lasting relationships with strategic partners, which can contribute to the achievement of TIM's objectives;
- favoring an approach focused on the Platform model, in which TIM provides the functions used by the subjects (both internal and external) involved in the innovation process to create new digital products/services. The platform makes TIM's distinctive technical expertise available in a structured way.

Leveraging on the Open Innovation paradigm, new life has been given to the 6 cross-functional innovation programs[1] launched in 2019, based on the fundamental aspects of evolution of the fixed and mobile network towards 5G standards and UltraBroadBand, service platforms and new operations systems, drawing on resources from the entire Innovation structure, based on its expertise.

Network innovation and 5G based services: partnerships

In this context, collaborations with other ecosystem players represent a fundamental lever to develop the intelligent infrastructure on which the global economy of the future and the services enabled by it will be based.

Following the renewal of the MoU in June 2019 with the Municipality of Turin, the Torino City Lab project also continued in 2020. In this case, TIM is a TLC partner, for the establishment of simplified trial areas for digital services to allow for fruitful strategic collaboration to continue in the dissemination phase of the commercial 5G service. The main experimental activities in progress concern the Smart Roads project, in which TIM is a work team leader (with the partners Italdesign, Daimler, Luxoft, 5T, Fondazione Links, Turin Polytechnic) for the development of connected car scenarios focused on road safety and accident prevention). In addition, TIM is the technological enabler of the open air Doralab (one of a kind at national level), where the City, in conjunction with ENAC, enables companies to trial innovative drone-based applications.
In March 2020, following the COVID-19 emergency, the project was renamed "Torino City Love". In this context, a series of services have been activated in the Turin area to support the weaker sections of the population (the elderly, sick, minors...). In collaboration with the TIM WCAP ecosystem startups, queue elimination services have been set up in pharmacies and supermarkets (UFirst), home personal care services (UGO), recreational entertainment services for children (e.g. Mashmellow), and, in collaboration with other entities such as the Consorzio Competence Industry Manufacturing 4.0, some training services for the industrial sector.
In March-May 2020, two MoUs were signed by TIM: one with Casa Oz and another with some hospital departments of the Città della Salute (S. Anna and Regina Margherita Hospitals) for trials of robotic telepresence services, which allow new mothers, minor (children and adolescents) inpatients with cancer or COVID-19 positive, health workers and video educators to talk to family members or other specialized doctors, who, due to the emergency, cannot be physically close to those on the ward or in the Casa Oz.

The first half of 2020 saw the collaboration begun in 2019 within the MISE Competence Center for Industry 4.0 (Competence Industry Manufacturing 4.0) continue, where TIM Open Labs collaborate with the Polytechnic and University of Turin, as well as with another 23 Turin companies for the research, testing and diffusion of Industry 4.0 solutions, including 5G, to SMEs. TIM also participated in the CIA Call PRIA 4.0 (Applied Industry 4.0 Research Projects), in partnership with Reply and Prima Industrie with the 5G For Factory (5GFF) project, one of the accepted projects.

On June 30, 2020, TIM launched the TIMWCAP "Smart Space" hackathon which, in collaboration with Google and Codemotion, brought hundreds of developers and exponents together from the world of startups to create new solutions for intelligent spaces, including in online webinars held by TIM experts mostly on issues concerning the Edge, Cloud and Quantum Computing. A real innovation marathon that involved the country's entire innovation community, from startuppers to software developers, from digital designers to marketing experts and many others. The purpose of the event was to design new intelligent spaces, or innovative services to improve our living spaces, with particular attention on the new normal following the COVID-19 emergency.

The TIM Open Lab in Turin will also be home to the construction of one of the data centers under the agreement between TIM and Google Cloud, signed in March 2020, for a technological collaboration for the creation of innovative public, private and hybrid cloud services to improve TIM's offer of technological services.

Operating activities to develop the technology and 5G trials, and to harness innovative solutions related to Cloud Robotic, Telepresence and Edge Computing, are accompanied by structured technical communication activities that range from the TIM Technical Bulletin editorial plan to promotions with the dissemination of scientific information. In particular, in the first six months of 2020, there were face-to-face events such as those related to the MiSE inspection of Bari Matera5G, or the "Smart Space" TIMWCAP hackathon and press video conferences such as that of "Torino City Love".

Innovation and research with universities

Research and University are key words for TIM's two pronged approach, which has set it apart for over 50 years for its focus on innovation and development of partnerships with the Italian academic world.
2020 sees TIM focused on the establishment of a real "Open Innovation Ecosystem" in collaboration with universities to develop new Open Labs, Research Projects, also with PHD contributions to put in place training and also to encourage the spread of new technology trends, heralding new growth opportunities within an increasingly global market..

TIM, which employs around 80 TIM technicians, 85 university researchers on specific activities, expects to make an economic commitment in excess of one million euros for 2020 and has also entered into three-year agreements with some Italian universities to boost and ensure continuity for research and in particular with:

- Turin polytechnic, with which 24 research projects are being defined on specific main topics such as Augmented Analytics, 5G Intensive Services, Cyber Security, Privacy and Ethic, Customer Hyper Experience, Cloud Native & Edge Powered, Space Communication, Hype- Next Technology, 5G to 6G. The focus on these technology trends commits TIM to strengthening an innovation ecosystem with the polytechnic by making an investment of around 755,000 euros.
- The academic partnership defined within the MISE Bari-Matera 5G project, which involved TIM together with CNR, the University of Bari, the Polytechnic of Bari, the University of Basilicata, Scuola Superiore Sant'Anna di Pisa (SSSA) and the University of Salento, continues its commitment also for 2020, focusing mainly on the theme of the development of application scenarios enabled by 5G technology. In 2020, the expected investment is around 320,000 euros for 9 research projects with the 6 universities involved.
- TIM also intends to direct research collaboration with UniCatania to explore and implement innovative architectural solutions and services that exploit the benefits of the three 5G pillars:
  1) Massive IoT, which concerns all 5G-enabled devices under the same coverage;
  2) Enhanced Mobile Broadband (EMBB) for very high bandwidth communications such as those required by augmented reality;
  3) Critical Communications, i.e. all those with very stringent latency requirements (e.g. self-driving cars, drones or telemedicine).

  The general objective is to improve the know-how and assets for initiatives involving local (e.g. Municipality) and national actors (participation in MiSE tenders). There are 4 research projects for a value of 160,000 euros for 2020.
- Another important step in the support for research and innovation is TIM's path with the 36th PHD cycle for the 2020-21 period, authorized and backed by the CEO. In particular, the Innovation department has provided HRO with technical collaboration to propose research topics for establishing 12 scholarships (in total HRO has provided 22 PHDs for the 36th cycle), ensuring the synergy between Innovation and HRO is among training and research activities. The universities chosen are the Polytechnic of Turin, the Polytechnic of Milan, the University of Milan, the University of Trento, the Scuola Superiore Sant'Anna of Pisa, the Federico II University of Naples, the University of Catania and the Alma Mater Studiorum of Bologna.

RESEARCH AND DEVELOPMENT IN BRAZIL

The Innovation & Technology department, which reports to the CTIO of TIM Participações, is responsible for research and development activities. The main areas of activities are: the definition of the Network's technological innovation, changes in needs of new technologies and devices and architectural guidelines along with the development of strategic partnerships, in order to develop new business models and guarantee developments in network infrastructure, in line with company strategy.

5G in Brazil

In June 2019, TIM Participações chose three cities, Florianópolis, Santa Rita do Sapucaí and Campina Grande to test 5G technology, focused on the development of new products and services enabled by this new technology.

In September 2019, TIM transformed the building where a social inclusion and technological training project is currently underway into CASA TIM 5G. The space, which was also used as student accommodation, was operational during HackTown 2019, an innovation festival sponsored for the first time, which takes place every year in Santa Rita do Sapucai (state of Minais Gerais).

CASA TIM 5G used several environments to interactively demonstrate the accessible solutions with the arrival of the fifth generation technology, installed in collaboration with Ericsson. On site, visitors experienced real 5G immersion and were able to see how technology will affect their daily lives in the future – in areas such as health, education, safety, entertainment and games – and the environment in where they live and work, with demonstrations of smart cities, industry and more.

The demonstrations used 5G technology, being tested, installed through the TIM network, under specific Anatel license. The space hosted demonstrations of developments in collaboration with Ericsson, Qualcomm, Cisco and Inatel, as well as ABB, Intel and LG.

In the first half of 2020, Anatel began testing the coexistence between the 3.5 GHz band and C-band satellite services, but the test was interrupted by the corona virus pandemic. As soon as Anatel finishes the test, the auction rules will be set and finally established. To date, there is still no formal program for the 5G offer.

TIM GROUP CONDENSED HALF-YEAR CONSOLIDATED AT JUNE 30, 2020

CONTENTS

TIM GROUP HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

(millions of euros)	note	6/30/2020	of which with related parties	12/31/2019	of which with related parties
Non-current assets					
Intangible assets					
Goodwill	5)	22,870		23,083	
Intangible assets with a finite useful life	6)	6,867		7,667	
		29,737		**30,750**	
Tangible assets	7)				
Property, plant and equipment owned		12,986		14,011	
Rights of use assets	8)	**5,022**		**5,494**	
Other non-current assets					
Investments in associates and joint ventures accounted for using the equity method	9)	2,976		11	
Other investments	9)	51		52	
Non-current financial receivables arising from lease contracts	10)	47		51	
Other non-current financial assets	10)	2,922		2,100	
Miscellaneous receivables and other non-current assets	11)	2,309		2,585	
Deferred tax assets		896		942	
		9,201		**5,741**	
Total Non-current assets	**(a)**	**56,946**		**55,996**	
Current assets					
Inventories		256		260	
Trade and miscellaneous receivables and other current assets	12)	4,639	*114*	4,857	*8*
Current income tax receivables		46		149	
Current financial assets	10)				
Current financial receivables arising from lease contracts		36		58	
Securities other than investments, other financial receivables and other current financial assets		1,007		999	
Cash and cash equivalents		3,603		3,138	
		4,646		4,195	
Current assets sub-total		**9,587**		**9,461**	
Discontinued operations /Non-current assets held for sale	13)				
of a financial nature		–		65	
of a non-financial nature		24		4,582	
		24		**4,647**	
Total Current assets	**(b)**	**9,611**		**14,108**	
Total Assets	**(a+b)**	**66,557**		**70,104**	

Equity and Liabilities

(millions of euros)		note	6/30/2020	of which with related parties	12/31/2019	of which with related parties
Equity		14)				
Share capital issued			11,677		11,677	
less: Treasury shares			(89)		(90)	
Share capital			**11,588**		**11,587**	
Additional paid-in capital			2,094		2,094	
Other reserves and retained earnings (accumulated losses), including profit (loss) for the period			6,399		6,599	
Equity attributable to owners of the Parent			**20,081**		**20,280**	
Non-controlling interests			1,313		2,346	
Total Equity	**(c)**		**21,394**		**22,626**	
Non-current liabilities						
Non-current financial liabilities for financing contracts and others		15)	24,984	*336*	25,605	
Non-current financial liabilities for lease contracts		15)	4,203	*1*	4,576	*1*
Employee benefits		19)	916		1,182	
Deferred tax liabilities			410		248	
Provisions		20)	753		725	
Miscellaneous payables and other non-current liabilities		21)	3,363	*4*	3,214	*1*
Total Non-current liabilities	**(d)**		**34,629**		**35,550**	
Current liabilities						
Current financial liabilities for financing contracts and others		15)	3,685	*54*	3,182	
Current financial liabilities for lease contracts		15)	697		639	
Trade and miscellaneous payables and other current liabilities		22)	6,108	*116*	7,218	*61*
Income tax payables			44		84	
Current liabilities sub-total			**10,534**		**11,123**	
Liabilities directly associated with Discontinued operations/Non-current assets held for sale		14)				
of a financial nature			–		655	
of a non-financial nature			–		150	
			–		**805**	
Total Current Liabilities	**(e)**		**10,534**		**11,928**	
Total Liabilities	**(f=d+e)**		**45,163**		**47,478**	
Total Equity and Liabilities	**(c+f)**		**66,557**		**70,104**	

SEPARATE CONSOLIDATED INCOME STATEMENT

(millions of euros)	note	1st half 2020	of which with related parties	1st half 2019	of which with related parties
Revenues	24)	**7,759**	*25*	**8,994**	*1*
Other income		90		766	
Total operating revenues and other income		**7,849**		**9,760**	
Acquisition of goods and services		(2,840)	*(174)*	(3,198)	*(79)*
Employee benefits expenses		(1,372)	*(47)*	(1,502)	*(49)*
Other operating expenses		(502)	–	(871)	
Change in inventories		6		(74)	
Internally generated assets		257		276	
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**3,398**		**4,391**	
of which: impact of non-recurring items	32)	*(137)*		*332*	
Depreciation and amortization		(2,348)		(2,496)	
Gains (losses) on disposals of non-current assets		(8)		(8)	
Impairment reversals (losses) on non-current assets				–	
Operating profit (loss) (EBIT)		**1,042**		**1,887**	
of which: impact of non-recurring items	32)	*(137)*		*332*	
Share of profits (losses) of associates and joint ventures accounted for using the equity method		2		(3)	
Other income (expenses) from investments	25)	448		2	
Finance income	26)	501		580	
Finance expenses		(1,104)	*(2)*	(1,334)	–
Profit (loss) before tax from continuing operations		**889**		**1,132**	
of which: impact of non-recurring items	32)	*309*		*302*	
Income tax expense		(166)		(392)	
Profit (loss) from continuing operations		**723**		**740**	
Profit (loss) from Discontinued operations/Non-current assets held for sale		**–**		**–**	
Profit (loss) for the period		**723**		**740**	
of which: impact of non-recurring items	32)	*340*		*183*	
Attributable to:					
Owners of the Parent		**678**		**551**	
Non-controlling interests		45		189	

(euros)		1st Half 2020	1st Half 2019
Earnings per share:	28)		
Basic and Diluted Earnings Per Share (EPS)			
Ordinary Share		0.03	0.02
Savings Share		0.04	0.03
of which:			
from Continuing operations attributable to Owners of the Parent			
Ordinary Share		0.03	0.02
Savings Share		0.04	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note 14

(millions of euros)		1st Half 2020	1st Half 2019
Profit (loss) for the period	**(a)**	**723**	**740**
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		(7)	3
Income tax effect		–	–
	(b)	**(7)**	**3**
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(3)	(70)
Income tax effect		1	17
	(c)	**(2)**	**(53)**
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)**	**(9)**	**(50)**
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		(3)	22
Loss (profit) transferred to Separate Consolidated Income Statement		–	(3)
Income tax effect		(1)	(1)
	(f)	**(4)**	**18**
Hedging instruments:			
Profit (loss) from fair value adjustments		610	99
Loss (profit) transferred to Separate Consolidated Income Statement		(29)	(92)
Income tax effect		(142)	(3)
	(g)	**439**	**4**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(1,443)	87
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		–	–
Income tax effect		–	–
	(h)	**(1,443)**	**87**
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)**	**(1,008)**	**109**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(1,017)**	**59**
Total comprehensive income (loss) for the period	**(a+m)**	**(294)**	**799**
Attributable to:			
Owners of the Parent		**104**	**584**
Non-controlling interests		(398)	215

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes from January 1, 2019 to June 30, 2019

(millions of euros)	Equity attributable to owners of the Parent											
	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 profits (losses) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total equity**
Balance at December 31, 2018	**11,587**	**2,094**	**30**	**(563)**	**(1,340)**	**(90)**	**–**	**7,810**	**19,528**	**2,219**	**21,747**
Changes in equity during the period:											
Dividends approved								(166)	**(166)**	(55)	**(221)**
Total comprehensive income (loss) for the period			21	4	61	(53)		551	**584**	215	**799**
Issue of equity instruments								2	**2**		**2**
Other changes								1	**1**	6	**7**
Balance at June 30, 2019	**11,587**	**2,094**	**51**	**(559)**	**(1,279)**	**(143)**	**–**	**8,198**	**19,949**	**2,385**	**22,334**

Changes from January 1, 2020 to June 30, 2020 Note 14

(millions of euros)	Equity attributable to owners of the Parent										
	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 profits (losses) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total equity**
Balance at December 31, 2019	**11,587**	**2,094**	**19**	**(440)**	**(1,417)**	**(124)**	**–**	**8,561**	**20,280**	**2,346**	**22,626**
Changes in equity during the period:											
Dividends approved								(317)	**(317)**		**(317)**
Total comprehensive income (loss) for the period			(11)	439	(1,000)	(2)		678	**104**	(398)	**(294)**
Issue of equity instruments								(5)	**(5)**		**(5)**
INWIT – deconsolidation									**–**	(644)	**(644)**
Other changes	1							18	**19**	9	**28**
Balance at June 30, 2020	**11,588**	**2,094**	**8**	**(1)**	**(2,417)**	**(126)**	**–**	**8,935**	**20,081**	**1,313**	**21,394**

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions of euros)	note	1st Half 2020	1st Half 2019
Cash flows from operating activities:			
Profit (loss) from continuing operations		723	740
Adjustments for:			
Depreciation and amortization		2,348	2,496
Impairment losses (reversals) on non-current assets (including investments)		22	12
Net change in deferred tax assets and liabilities		87	193
Losses (gains) realized on disposals of non-current assets (including investments)		(439)	6
Share of profits (losses) of associates and joint ventures accounted for using the equity method		(2)	3
Change in provisions for employee benefits		(435)	(214)
Change in inventories		6	73
Change in trade receivables and net amounts due from customers on construction contracts		329	(138)
Change in trade payables		(574)	(327)
Net change in income tax receivables/payables		68	172
Net change in miscellaneous receivables/payables and other assets/liabilities		1,897	123
Cash flows from (used in) operating activities	**(a)**	**4,030**	**3,139**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(1,974)	(2,126)
Capital grants received		23	6
Acquisition of control of companies or other businesses, net of cash acquired		(7)	–
Acquisitions/disposals of other investments		(7)	(4)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		(20)	131
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		(33)	–
Proceeds from sale/repayments of intangible, tangible and other non-current assets		402	6
Cash flows from (used in) investing activities	**(b)**	**(1,616)**	**(1,987)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(646)	(367)
Proceeds from non-current financial liabilities (including current portion)		1,097	3,190
Repayments of non-current financial liabilities (including current portion)		(1,450)	(3,415)
Changes in hedging and non-hedging derivatives		(516)	(256)
Share capital proceeds/reimbursements (including subsidiaries)		8	5
Dividends paid		(356)	(246)
Changes in ownership interests in consolidated subsidiaries		(1)	–
Cash flows from (used in) financing activities	**(c)**	**(1,864)**	**(1,089)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**–**	**–**
Aggregate cash flows	**(e=a+b+c+d)**	**550**	**63**
Net cash and cash equivalents at beginning of the period	**(f)**	**3,202**	**1,631**
Net foreign exchange differences on net cash and cash equivalents	(g)	(150)	5
Net cash and cash equivalents at end of the period	**(h=e+f+g)**	**3,602**	**1,699**

Purchases of intangible, tangible and rights of use assets

(millions of euros)		1st Half 2020	1st Half 2019
Purchase of intangible assets (1)	6)	(474)	(376)
Purchase of tangible assets (1)	7)	(771)	(1,079)
Purchase of rights of use assets (1)	8)	(646)	(318)
Total purchase of intangible, tangible and rights of use assets on an accrual basis		(1,891)	(1,773)
Change in payables arising from purchase of intangible, tangible and rights of use assets		(83)	(353)
Total purchases of intangible, tangible and rights of use assets on a cash basis		(1,974)	(2,126)
(1) of which related parties:			
Purchases of intangible assets, tangible assets and right of use assets on an accrual basis		1	–

Additional Cash Flow information

(millions of euros)	1st Half 2020	1st Half 2019
Income taxes (paid) received	(27)	(30)
Interest expense paid	(917)	(992)
Interest income received	223	282
Dividends received	256	–

Analysis of Net Cash and Cash Equivalents

(millions of euros)	1st Half 2020	1st Half 2019
Net cash and cash equivalents at beginning of the period		
Cash and cash equivalents – from continuing operations	3,138	1,917
Bank overdrafts repayable on demand – from continuing operations	(1)	(286)
Cash and cash equivalents – from Discontinued operations/Non-current assets held for sale	65	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	3,202	**1,631**
Net cash and cash equivalents at end of the period		
Cash and cash equivalents – from continuing operations	3,603	1,700
Bank overdrafts repayable on demand – from continuing operations	(1)	(1)
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	–	–
	3,602	**1,699**

The additional disclosures required by IAS 7 are provided in the Note “Net financial debt” to these Half-Year Condensed Consolidated Financial Statements.

NOTE 1
FORM, CONTENT AND OTHER GENERAL INFORMATION

FORM AND CONTENT

Telecom Italia S.p.A. (the "**Parent**"), also known in short as "TIM S.p.A.", and its subsidiaries form the "**TIM Group**" or 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 Half-Year Condensed Consolidated Financial Statements at June 30, 2020, 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.
The TIM Group Half-Year Condensed Consolidated Financial Statements at June 30, 2020 have been prepared in compliance with IAS 34 (Interim Financial Reporting), and as permitted by this standard, do not include the information required for annual consolidated financial statements; accordingly, these financial statements should be read together with the 2019 TIM Group Consolidated Financial Statements.
In the first six months of 2020, 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, 2020. 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 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).
For the sake of comparison, data from the statement of financial position at December 31, 2019, the separate consolidated income statement and consolidated statement of comprehensive income, consolidated statement of cash flows and changes in consolidated shareholders' equity for the first half of 2019, are also presented.
The TIM Group Half-Year Condensed Consolidated Financial Statements at June 30, 2020 are expressed in euro (rounded to the nearest million unless otherwise indicated).
The publication of the TIM Group Half-Year Condensed Consolidated Financial Statements at June 30, 2020 was approved by resolution of the Board of Directors on August 4, 2020.
The Half-Year Condensed Consolidated Financial Statements at June 30, 2020 have undergone a limited scope audit.

FINANCIAL STATEMENT FORMATS

The financial statement formats adopted are consistent with those indicated in IAS 1. In particular:

- the **Consolidated statement of financial position** has 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 expenses 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). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the 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 profits (losses) 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 statement of comprehensive income** includes 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 statements, 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 properties, 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 fines 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.

In particular, the operating segments of the TIM Group are organized according to geographic location (Domestic and Brazil) for the telecommunications business.

The term "operating segment" is considered synonymous with "Business Unit".

The operating segments of the TIM Group are as follows:

- **Domestic**: includes operations in Italy for voice and data services on fixed and mobile networks for end customers (retail) and other operators (wholesale), the operations of the Telecom Italia Sparkle group, which, at international level (Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of Olivetti (products and services for Information Technology), and, up to March 31, 2020, INWIT S.p.A. (a company operating in the electronic communications infrastructure sector, and in particular the infrastructure for hosting radio transmission equipment for mobile telephone networks, both for TIM and other operators) and the units supporting the Domestic sector.
  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.

NOTE 2
ACCOUNTING POLICIES

GOING CONCERN

The Half-Year Condensed Consolidated Financial Statements at June 30, 2020 have been prepared on a going concern basis as there is the reasonable expectation that TIM will continue its operational activities 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);
  - changes in the general macroeconomic situation in the Italian, European and Brazilian markets, as well as the volatility of financial markets in the Eurozone also as a result of "Brexit" in the UK, as well as the health emergency due to the recent spread of COVID-19;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices);
  - the results of legal proceedings and regulatory authorities;
- the optimal mix between risk capital and debt capital as well as the policy for the remuneration of risk capital, as described in the Consolidated Financial Statements at December 31, 2019, in the paragraph on "Share capital information" in the Note "Equity";
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Consolidated Financial Statements at December 31, 2019, 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.

ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION

The accounting policies and principles of consolidation for preparing the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 are the same as those used to prepare the Consolidated Financial Statements at December 31, 2019, to which reference is made, with the exception of :

- amendments to accounting standards issued by the IASB and in force from January 1, 2020, hereinafter described;
- the alignments required by the nature of interim financial reporting.

Moreover, in the Half-Year Condensed Consolidated Financial Statements at June 30, 2020, income taxes for the period of individual consolidated companies were determined based on the best possible estimate in relation to available information and the reasonable forecast of operating performance at the end of the tax period. On a conventional basis, tax liabilities (current and deferred) on income for the period of individual consolidated companies was recognized in the "Deferred tax liabilities" net of advances and tax receivables (only as regards taxes for which a refund was not requested) as well as deferred tax assets; if this balance is positive, it is conventionally recognized under "Deferred tax assets".

USE OF ACCOUNTING ESTIMATES

The preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2020 and related disclosure 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 end of the reporting period, as well as the amount of revenues and costs during the period under review. 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.
As regards the most important accounting estimates, reference is made to the Consolidated Financial Statements at December 31, 2019.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE SINCE 2020

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, 2020.

Amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: additional disclosure – Interest-rate benchmark reform

Commission Regulation (EU) 2020/34 was issued on January 15, 2020, implementing amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: recognition and measurement and IFRS 7 – Financial Instruments: additional disclosure.
The amendments refer to some specific hedge accounting requirements and provide facilitation in relation to the potential effects of uncertainty caused by the IBOR reform.
Moreover, the amendments require companies to provide additional disclosure on investors concerning the hedging relations directly affected by these uncertainties.
The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

On November 29, 2019 Commission Regulation (EU) 2019/2075 was issued, implementing the revised version of the Conceptual Framework for Financial Reporting, at EU level. The main changes with respect to the 2010 version concern:

- a new chapter on measurement;
- best definitions and guidance, particularly with regard to the definition of liabilities;
- clarifications of important concepts, such as "stewardship", prudence and uncertainty in measurements.

A document was also published updating references in IFRS to the previous Conceptual Framework.
The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2020.

Amendments to IAS 1 and IAS 8 (Definition of Material)

On November 29, 2019, Commission Regulation (EU) 2019/2104 was issued, implementing some amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).
These amendments clarify the definition of "material" and align the definition used in the "Conceptual Framework" with that used in individual IFRS. The definition of "material", as revised by the amendments, is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2020.

Amendments to IFRS 3 (Business Combinations)

On April 21, 2020, Commission Regulation (EU) 2020/551 was issued, implementing some amendments to IFRS 3 (Business Combinations). These amendments concern the definition of "business" and help the entity determine whether an acquisition is a "business" or a group of assets.
Based on the new definition, a business is: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. The amendments also clarify that in order to be considered a business, an acquisition must include inputs and a substantial process, that together contribute to the ability to generate outputs".
The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2020.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of preparation of these Half-Year Condensed Consolidated Financial Statements, the IASB had issued the following new standards / interpretations which have not yet been endorsed by the EU or come into force:

	Mandatory application starting from
New Standards and Interpretations not yet endorsed by the EU	
Amendments to IFRS 16 Leases for concessions related to COVID -19	1/6/2020
Amendments to IFRS 4 Insurance contracts – Deferment of IFRS 9	1/1/2021
Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current	1/1/2022(*)
Amendments to: IFRS 3 Business combinations; IAS 16 Property, Plant and equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual cycle of improvements 2018–2020	1/1/2022
IFRS 17 (Insurance contracts), including amendments to IFRS 17	1/1/2023

(*) The IASB arranged for a public consultation to defer the date of entry into force to January 1, 2023.

The potential impacts on the Group consolidated financial statements from application of these standards and interpretations are currently being assessed.

NOTE 3
SCOPE OF CONSOLIDATION

The changes in the scope of consolidation at June 30, 2020 compared to December 31, 2019 are listed below.

Entry/exit/merger of subsidiaries into/out of the scope of consolidation:

Company		Business Unit	Month
Entry:			
NOOVLE S.r.l.	New acquisition	Domestic	May 2020
GLOBAL SPACE TRE S.r.l.	New acquisition	Domestic	May 2020
NOOVLE AI S.r.l.	New acquisition	Domestic	May 2020
NOOVLE FRANCE Sasu	New acquisition	Domestic	May 2020
NOOVLE INTERNATIONAL SAGL	New acquisition	Domestic	May 2020
NOOVLE MALTA Ltd	New acquisition	Domestic	May 2020
NOOVLE SICILIA S.c.a.r.l.	New acquisition	Domestic	May 2020
NOOVLE SLOVAKIA S.R.O.	New acquisition	Domestic	May 2020
Exit:			
INWIT S.p.A.	Dilution	Domestic	March 2020

In addition to the above, changes in the scope of consolidation at June 30, 2020 compared to June 30, 2019 are listed below.

Entry/exit/merger of subsidiaries into/out of the scope of consolidation:

Company		Business Unit	Month
Entry:			
TIS LAGOS Limited	New acquisition	Domestic	July 2019
Exit:			
PERSIDERA S.p.A.	Disposal	Domestic	December 2019
TIMB 2 S.r.l.	Disposal	Domestic	December 2019
Mergers:			
NOVERCA S.r.l.	Merged into TIM S.p.A.	Domestic	November 2019

With reference to INWIT S.p.A., on March 31, 2020, the merger through absorption of Vodafone Towers S.r.l. with INWIT S.p.A. was completed. The transaction, which enabled the creation of Italy's leading tower operator, diluted the TIM Group's stake in the capital of INWIT from 60% to 37.5%; therefore, as of March 31, 2020, INWIT S.p.A. is accounted for using the equity method.

Moreover, on April 23, 2020, following the sale of shares, equal to 4.3% of the share capital in INWIT, through an accelerated book-building procedure for institutional investors, TIM's investment in INWIT decreased further from 37.5% to 33.2%.

INWIT S.p.A. was presented as "Asset held for sale" from the Consolidated Financial Statements as at December 31, 2019 and until the completion of the aforementioned merger; therefore, TIM Group consolidated economic data and cash flows for the first half of 2020 include economic data and cash flows of INWIT S.p.a. for the first quarter of 2020, net of amortization and depreciation for the period, as required by IFRS 5.

The breakdown by number of subsidiaries, joint ventures and associates of the TIM Group is as follows:

	6/30/2020		
Companies:	**Italy**	**Outside Italy**	**Total**
subsidiaries consolidated line-by-line	19	47	66
joint ventures accounted for using the equity method	2		2
associates accounted for using the equity method	13		13
Total companies	**34**	**47**	**81**

	12/31/2019		
Companies:	**Italy**	**Outside Italy**	**Total**
subsidiaries consolidated line-by-line	16	43	59
associates accounted for using the equity method	12	-	12
Total companies	**28**	**43**	**71**

	6/30/2019		
Companies:	**Italy**	**Outside Italy**	**Total**
subsidiaries consolidated line-by-line	19	42	61
associates accounted for using the equity method	16		16
Total companies	**35**	**42**	**77**

NOTE 4
BUSINESS COMBINATIONS

Acquisition of control of the Noovle Group

on May 21, 2020, TIM S.p.A. finalized the acquisition of 100% of the quotas in Noovle S.r.l., an Italian ICT consulting and system integration company, specialized in supplying cloud solutions and projects and one of Google Cloud's leading partners on the Italian market.
With effect from this date, Noovle S.r.l. and its subsidiaries (Noovle group) have been consolidated line-by-line.
The transaction enables TIM to expand its offering of innovative public, private and hybrid cloud services, and consolidate expertise to accelerate the digitalization of companies, from SMEs to large industries, the public administration and health sector.
Through this acquisition, TIM will considerably step up its strategy alongside Google to pave the way for the future creation of a Newco dedicated to cloud and edge computing services.

The business combination was recognised in the accounts as follows:

- a consideration of 8 million euros.
- all Assets acquired and Liabilities undertaken of the acquired companies were measured for recognition at fair value.
- In addition to the value of the Assets acquired and Liabilities undertaken, temporary Goodwill equal to 10 million euros was recognized, determined as shown in the next table:

(millions of euros)		Values at fair value temporary
Valuation of the consideration	**(a)**	**8**
Value of assets acquired	**(b)**	30
Value of liabilities undertaken	**(c)**	(32)
Goodwill	**(a-b-c)**	**10**

Noovle Group – values at acquisition date

(millions of euros)		Present values at fair value	Carrying amounts
Goodwill		10	-
Other non-current assets		2	2
Current assets		28	28
of which Cash and cash equivalents		1	1
Total assets	**(a)**	**40**	**30**
Total non-current liabilities		3	3
Of which Non-current financial liabilities		2	2
Total current liabilities		29	29
Of which Current financial liabilities		2	2
Total liabilities	**(b)**	**32**	**32**
Net assets	**(a-b)**	**8**	**(2)**

During 2020 – and in any case within the 12 months following the transaction – the provisional amounts of the assets and liabilities recognized at the date of acquisition may be adjusted retroactively, as permitted by IFRS 3, to take into account their fair value at the date of acquisition, with consequent redetermination of the value of goodwill.

NOTE 5
GOODWILL

This item breaks down with the changes in the first half of 2020 shown below:

(millions of euros)	12/31/2019	Increase	Decrease	Impairments	Exchange differences	6/30/2020
Domestic	22,231	10				22,241
Brazil	852				(223)	629
Other Operations	–					–
Total	**23,083**	**10**	**–**	**–**	**(223)**	**22,870**

In the first half of 2020, the spot exchange rate used for the translation into euro of the Brazilian real (expressed in terms of units of local currency per 1 euro) went from 4.52808 at December 31, 2019 to 6.13202 at June 30, 2020. This led to the 223 million euro fall in the value of goodwill attributed to the Brazil Cash Generating Unit, expressed in euros.

In relation to the Domestic Cash Generating Unit, the item recorded an increase of 10 million euros, relating to the entry of the provisional goodwill connected with the acquisition of Noovle S.r.l. and its subsidiaries (for more details see the note "Business combinations").

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. If specific events or circumstances occur (trigger events) that may indicate an impairment of goodwill, impairment testing is also carried out when preparing the interim financial statements.

The COVID-19 health emergency, caused by the spread of the SARS-CoV-2 virus and declared a pandemic by the World Health Organization (WHO) on March 11, 2020, which has led to a consequent global economic crisis, is an external factor potentially indicative of a possible loss of value. Added to this is the fact that, at the end of June 2020, the TIM share market capitalization value was still lower than the consolidated equity value. In light of this evidence, also taking into account the recommendations of ESMA and subsequent warnings expressed by Consob (No. 8/20 of 16/07/2020) in relation to the potential impact of the COVID-19 pandemic, in preparation of the half-year report at June 30, 2020, the company deemed it appropriate to carry out an impairment test on goodwill.

The impairment test was carried out in two phases: in the first phase, the recoverable amount of the assets attributed to the individual CGUs to which goodwill is allocated was estimated; in the second phase, analyses were carried out considering the Group's activities as a whole. The results of the impairment test did not show any impairment.

As regards the checks referred to in the first phase, 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 value configurations used to determine the recoverable value at June 30, 2020 of the CGUs in question were for the Domestic the value in use and for Brazil the fair value. Specifically, for Brazil the fair value was determined on the basis of the market capitalization at the end of the year. 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 Domestic CGU, the value in use estimate was made – in accordance with IAS 36 and with valuation principles and best practices – based on the expected cash flows in different scenarios. In particular, the cash flows expected in a plurality of possible future scenarios were summarized in a single average normal cash flow with the aid of Experts (expert appraisers and industry experts) and based on the data from the 2020-2022 Industrial Plan approved by the Board of Directors, the estimates for the two-year period 2023-2024 and the 2020 Forecast.
These forecasts were subject to verification and updates to incorporate some assessments made in relation to potential risk factors, as well as related planned mitigation actions. To define the average normal cash flow to be used as a reference for the impairment test, the management, with the aid of Experts, identified additional industrial risk factors, making changes to the amounts and/or in the time distribution of future cash flows, giving greater weight to the external evidence available. In particular, as part of an Industrial Plan assessment process, also due to the start of the COVID-19 health emergency and the related global economic crisis in the first quarter of 2020, the management carried out analyzes to determine the impact of the pandemic on the business, the results of which were used in order to plan and implement recovery actions.
The expected average cash flows considered for the purpose of the impairment test were determined with a time period of 4.5 years between July 2020 and December 2024 as a reference, taking into account the forecast cash flows reported in the 2020-2022 Industrial Plan and the extrapolated data for the subsequent years 2023 and 2024. The extrapolation of forecast cash flows for the latter two-year period was carried out in order to intercept market and competitive trends whose effects will become manifest beyond the forecast horizon of the Industrial Plan.
The forecast cash flows considered for the purpose of the impairment test were updated taking into account, among other things, the trend recorded for the first half of 2020 and the projections prepared for the second half of the same year, updating the analyzes of average representativeness also taking into account the expected impact of the current health emergency. In relation to the two-year period 2023-2024, the forecast cash flows for these years were confirmed in the original 2020-2024 plan, with a view to the total long-term reabsorption of the effects of the current health crisis.

As regards the estimate of the terminal value, the sustainable long-term cash flow was assumed to be the extrapolation of the estimated cash flow at 2024, adjusted as necessary to take into consideration a suitable level of long-term capital expenditure. 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 payment of the license (2019 2022) and 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 5 years of explicit forecast.

The cost of capital used to discount the future cash flows in the estimates of value in use:

- was estimated using the Capital Asset Pricing Model (CAPM), which is one of the generally accepted application criteria referred to in IAS 36;
- reflects the current market estimates of the time value of money and the specific risks of the groups of assets; includes appropriate yield premiums for country risk and the risk associated with the depreciation of the currency of denomination of the cash flows;
- was calculated using comparative market parameters to estimate the “Beta coefficient” and the weighting coefficient of the equity and debt capital components;
- takes into account the impact of the application of the IFRS 16 accounting standard

For the Domestic CGU it was as follows:

- 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 VALUE IN USE ESTIMATES

	Domestic
WACC	5.42%
WACC before tax	7.17%
Growth rate beyond the explicit period (g)	0.5%
Capitalization rate after tax (WACC-g)	4.92%
Capitalization rate before tax (WACC-g)	6.67%
Capex/Revenues, perpetual	19.9%

The growth rate of the terminal value "g" of the Domestic CGU was estimated taking into account the expected outlook during the explicit forecast period and is consistent with 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 difference between the recoverable amounts and the net carrying amounts of the CGUs considered totaled:

(millions of euros)	Domestic	Brazil	
Difference between recoverable and net carrying amounts	+13,606	+1,328	

Therefore, given all the above elements, no impairment losses were recorded at the end of June 2020; the goodwill values recognized in the financial statements are therefore confirmed.

In estimating the recoverable amounts, simulations were conducted on the results with respect to changes in the relevant parameters. Below are the parameters that, if considered individually and on a consistent basis, make the recoverable value equal to the net carrying amount.

PARAMETERS THAT MAKE THE VALUE IN USE EQUAL TO THE CARRYING AMOUNT

	Domestic
WACC before tax	9.31%
Capitalization rate before tax (WACC-g)	8.81%
Capex/Revenues, perpetual	28.85%

In addition to average normal cash flows, to take into account the market operator's perspective, sensitivity analyses were conducted on the risk factors identified with the Experts and to determine the value in use of the Domestic CGU. As a result of these analyses, the recoverable value is in any case higher than the net 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 -24%.

NOTE 6
INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The item decreased by 800 million euros compared to December 31, 2019. The breakdown and movements are as follows.

(millions of euros)	12/31/2019	Capital expenditures	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Other changes	6/30/2020
Industrial patents and intellectual property rights	**2,100**	246	(583)			(176)	311	**1,898**
Concessions, licenses, trademarks and similar rights	**4,398**	7	(240)			(261)	(1)	**3,903**
Other intangible assets	**3**	–	(1)			(1)	2	**3**
Work in progress and advance payments	**1,166**	221				(10)	(314)	**1,063**
Total	**7,667**	**474**	**(824)**	**–**	**–**	**(448)**	**(2)**	**6,867**

Investments for the first half of 2020 include 117 million euros of internally generated assets (121 million euros in the first half of 2019).

Industrial patents and intellectual property rights at June 30, 2020, essentially consist of th application software purchased outright and user license, relating mainly to TIM S.p.A. (1,363 million euros) and the Brazil Business Unit (478 million euros).

Concessions, licenses, trademarks and similar rights at June 30, 2020, mainly refer to the residual cost of telephone licenses and similar rights (3,190 million euros for TIM S.p.A., 666 million euros for the Brazil Business Unit).

Work in progress and advance payments mainly refer to the Parent (984 million euros) of which 680 million euros relative to rights in 694-790 MHz (5G) bandwidth frequencies, not yet operating, of TIM S.p.A. They also include work in progress mainly related to software developments and investments for the digital evolution of Network Infrastructures.

NOTE 7
TANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT OWNED

This item decreased by 1,025 million euros compared to December 31, 2019. The breakdown and movements are as follows:

(millions of euros)	12/31/2019	Capital expenditures	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Other changes	6/30/2020
Land	**226**					(2)	(1)	**223**
Buildings (civil and industrial)	**577**	2	(17)			(4)	11	**569**
Plant and equipment	**11,974**	585	(1,077)		(2)	(552)	405	**11,333**
Manufacturing and distribution equipment	**26**	1	(6)				2	**23**
Other	**350**	44	(71)		(1)	(33)	33	**322**
Construction in progress and advance payments	**858**	139			(1)	(25)	(455)	**516**
Total	**14,011**	**771**	**(1,171)**	**–**	**(4)**	**(616)**	**(5)**	**12,986**

Investments for the first half of 2020 include 140 million euros of internally generated assets (155 million euros in the first half of 2019).

Land comprises both built-up land and available land and is not subject to depreciation. The figure at June 30, 2020 refers primarily to TIM S.p.A. (211 million euros).

Buildings (civil and industrial) almost exclusively includes buildings for industrial use hosting telephone exchanges, or for office use and light constructions. The figure at June 30, 2020 refers primarily to TIM S.p.A. (543 million euros).

The item **Plant and machinery** includes the technical infrastructure used for the provision of telecommunications services (transport and distribution of voice/data traffic). The figure at June 30, 2020 is mainly attributable to TIM S.p.A. (8,804 million euros) and to the Brazil Business Unit (1,566 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..

The item **Other** mainly consists of hardware for the functioning of the Data Center 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.

NOTE 8
RIGHTS OF USE ASSETS

This item decreased by 472 million euros compared to December 31, 2019. The breakdown and movements for the first half of 2020 are as follows:

(millions of euros)	12/31/2019	Capital expenditures	Increases in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other changes	6/30/2020
Property	3,398	2	552	(212)	(83)	(118)	(11)	3,528
Plant and equipment	1,901	6	75	(121)	(232)	(290)	(7)	1,332
Other	151		10	(20)	(2)	(1)	(4)	134
Construction in progress and advance payments	44	1					(17)	28
Total	**5,494**	**9**	**637**	**(353)**	**(317)**	**(409)**	**(39)**	**5,022**

Capital expenditures refer to the Domestic Business Unit and are essentially related to the acquisition of IRU transmission capacity and improvements and incremental expenses incurred on leased property and non-property assets.

It is noted that since March 31, 2020, the new Master Service Agreement (MSA) between TIM S.p.A. and INWIT S.p.A., now jointly controlled by TIM-Vodafone has been in effect, regulating hosting services on INWIT sites.

In particular, the MSA regulates the following services:
- the availability of the electromagnetic and physical space for the installation and management of necessary equipment for the provision of mobile service and services for the supply of power and air conditioning systems;
- monitoring and security services;
- management and maintenance services;
- electricity supply service;
- measurement and monitoring service of the physical and electromagnetic space.

It is a bouquet of services to guarantee operators (TIM and Vodafone) the management of technological devices, which use the frequencies that are currently available to the two Operators, functional to the provision of mobile services to customers.

The effectiveness of the new MSA contract, which saw the establishment – through the merger by incorporation of Vodafone Towers S.r.l. in INWIT – of the first Italian Tower Operator, determined on a consolidated level:

- the derecognition of rights of use related with previous lease agreements stipulated with Vodafone (266 million euros included in the “Disposals” flow);
- the recognition of new rights of use for INWIT S.p.A. assets (“Increases from finance lease agreements”) and a corresponding financial liability for 368 million euros;
- the derecognition of liabilities with Vodafone, related to previous lease agreements.

The termination of previous lease agreements led to the recognition of net capital losses for approximately 2 million euros in the Separate Consolidated Income Statement.

The MSA also provides for accounting for the amounts in costs for services on an accruals basis, with the exception of the 3,500 strategic sites, which are accounted for as leases under IFRS 16, for a duration of eight years, given that control of those strategic sites still belongs to TIM S.p.A.

Increases in finance 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 both land and buildings for office use and industrial relationship over time, to infrastructure sites for the mobile telephone network infrastructure and network.
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.

In the first half of 2020, the increase in financial lease contracts related to the recognition, for the portion that can be configured as a lease of the aforementioned new MSA contract with the company INWIT connected to the supply of hosting services by INWIT to TIM on existing sites and on any new sites, for the management of its active technology devices and transmission systems, also in accordance with TIM S.p.A.'s mobile network development plans.
The increases in the first half of 2020, equal to 637 million euros, refer in particular to the Domestic Business Unit (544 million euros) and the Brazil Business Unit (93 million euros).

The disposals are representative of the carrying amount of the assets from lease agreements that terminated early. In the first half of 2020, the aforementioned impact associated with the derecognition of the rights of use connected with the previous lease agreements entered into with Vodafone (266 million euros) is noted.

Other changes included, inter alia, transfers to operating activities and the lower value of the rights of use recorded as a result of contractual changes during the period.

The item **Property** includes buildings under finance leases and the related building adaptations and essential refers to Domestic Business Unit (3,190 million euros) and the Brazil Business Unit (338 million euros).

The item **Plant and equipment** mainly includes rights of use on infrastructures for telecommunications services. Refers to the Brazil Business Unit (806 million euros) and the Domestic Business Unit (526 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.

The item **Other** mainly comprises the rights of use on finance leases on vehicles.

NOTE 9
INVESTMENTS

Investments in associates and joint ventures accounted for using the equity method are reported below in detail:

(millions of euros)		6/30/2020	12/31/2019
Tiglio I		1	1
NordCom		5	5
W.A.Y.		3	3
Other		3	2
Total Associates	**(a)**	**12**	**11**
TIMFin		1	
INWIT		2,963	
Total Joint Ventures	**(b)**	**2,964**	**–**
Total investments accounted for using the equity method	**(a+b)**	**2,976**	**11**

Since March 31, 2020, following the merger into INWIT S.p.A. of Vodafone Tower S.r.l., with consequent dilution of the equity investment held by TIM in the capital of the company from 60% to 37.5%, INWIT has been measured using the equity method (for further details, see the note "Scope of consolidation").
Similarly to that done by INWIT, the valuation using the equity method flow includes the portion pertaining to the positive economic result of the investee including the greater amortization charge, at consolidated level, of the assets to which part of the greater value deriving from the corporate integration transaction of Vodafone Towers S.r.l. in INWIT was allocated.

The dilution resulted in the recognition of a net capital gain for 441 million euros in the ambit of "Other income from investment" in the Separate Consolidated Income Statement of the TIM Group.

On April 23, 2020, following the sale of shares, equal to 4.3% of the share capital in INWIT, through an accelerated book-building procedure for institutional investors, TIM's investment in INWIT decreased further from 37.5% to 33.2%.

This disposal led to a gross inflow of approximately 400 million euros for the TIM Group and the recognition of a capital gain of 7 million euros in the ambit of "Other income from investment" in the Separate Consolidated Income Statement.

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As per the agreement signed on March 25, 2020, the INWIT shares in TIM's portfolio are subject to a shareholders' agreement with Vodafone Europe BV, which has identically conferred its entire stake in INWIT under the agreement, with consequent joint control of TIM and Vodafone Europe on the company, without carrying out management and coordination activities. Each of the two partners has undertaken not to purchase INWIT shares in any capacity, without the prior consent of the other, and in any case to refrain from any deed that involves the obligation to make a mandatory public purchase offer on INWIT.

TIM and Vodafone Europe will ensure that the INWIT Board of Directors, for the entire duration of the agreement (as per law: three-year period), provides for the presence – without prejudice to the appointment mechanisms provided for in the articles of association – of an equal number of directors appointed respectively by TIM and Vodafone Europe. (i) alternation between the directors of the two parties for the selection of chairman and chief executive officer (who for the duration of the agreement will not be chosen from among the directors appointed by the same shareholder), in the absence of a different agreement, as well as (ii) the renewal of the collective body before the expiry of the agreement are also provided for.

TIM and Vodafone Europe have also undertaken to consult each other with due advance notice on the agenda of each INWIT meeting, possibly identifying a common approach, to which, however, they will not be bound. In the event that the strengthened majority required by the INWIT articles of association for the adoption of decisions on certain matters should not be reached during two consecutive meetings, a deadlock procedure may be activated, with a committee made up of two representatives from each party tasked with resolving the matter. Moreover, unless otherwise agreed in writing, TIM and Vodafone Europe will not be bound by the decision taken by the committee and will be able to freely exercise their voting rights at the meeting.

After a decision by the INWIT Board of Directors (which will take into account, among other things, the business plan, growth and cash flow expectations, rating considerations and strategic options available), TIM and Vodafone Europe have agreed that INWIT will aim to distribute an annual dividend corresponding to at least 80% of the net profits resulting from the financial statements, adjusted for one-off and extraordinary items. They noted that INWIT's initial leverage should not exceed 6.0x net financial debt/EBITDA and that it will be reduced over time to obtain medium-term leverage in line with the capital structure of other listed companies operating in the same sector.

TIM and Vodafone Europe have undertaken not to transfer the investment held in INWIT, without prejudice to (i) joining take over bids and/or exchange offers promoted by third parties; (ii) the transfer to third parties with the prior written consent of the other party adhering to the agreement; (iii) the transfer to another company directly or indirectly controlled by, controlling, or subject to joint control with, the transferring party, provided that the transferee adheres to the agreement and the obligation to re-transfer the shareholding to the transferring shareholder is expressly provided if the relationship between the transferee and the transferring party ceases.

On June 24, 2020, TIM and Vodafone Europe signed a specific agreement for the partial exemption from the lock-up and standstill commitment to allow:

- the signing of an agreement between TIM and Ardian for the acquisition by a consortium of investors led by Ardian of 49% of a newly created vehicle controlled by TIM ("TIM SPV"), which will purchase, in part by contribution in kind and in part through a sale and purchase transaction, a total number of INWIT shares from TIM representing 30.2% of the relative share capital, it being understood that TIM SPV will have to sign a consent agreement to the shareholders' agreement between Vodafone Europe and TIM, of which TIM will also remain a part as long as it directly holds INWIT shares;
- the transfer, by Vodafone Europe to third parties, of all or part of its investment in INWIT, provided that Vodafone Europe continues to hold, directly or indirectly, INWIT shares representing at least 25.1% of the share capital of the company with right to vote. In the event that Vodafone Europe reaches a stake of 25.1% in the share capital of INWIT, TIM and TIM SPV will in turn have the right to transfer all or part of their stake in INWIT, on condition that they continue to hold jointly at least 25.1% of the INWIT share capital with voting rights;
- the signing between TIM and a special purpose vehicle constituted by Canson of a contract for the sale from TIM to Canson of a total investment of up to 3% of the share capital of INWIT.

The transactions with Ardian and Canson (subject to agreements signed on June 24, 2020 and subject to the fulfillment by September 30, 2020 of certain conditions precedent, including the authorization pursuant to the Golden Power regulation and confirmation by Consob of the absence of public tender offer obligations) are based on a valuation of the INWIT share of 9.47 euros (ex dividend) and entail an inflow for TIM of approximately 1.6 billion euros.
TIM will have exclusive control of the TIM SPV holding and, through the latter, will continue to exercise joint control of INWIT together with Vodafone Europe. The Ardian consortium will be granted minority governance rights, both on the holding company and on INWIT, based on the protection of the investment made, as per the specific shareholders' agreement.
Essential information on the shareholders' agreements (i) between TIM and Vodafone Europe and (ii) between TIM and Ardian can be consulted on the INWIT website (www.inwit.it).

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As part of the initial agreements aimed – inter alia – at integrating Vodafone towers into INWIT, TIM and Vodafone Italia have undertaken to purchase services over the next 10 years offered by INWIT (small cell, hosting on existing sites and new sites to be built) to an extent that guarantees INWIT a Net Present Value Target, which is calculated taking into account the value of the various services and the relative phasing over time.
TIM and Vodafone Italia will have the right to modify the mix and phasing of the services initially envisaged, including backhauling services, as long as they guarantee the same contribution to INWIT in terms of Net Present Value.

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The changes in this item, during the first half of 2020 are broken down as follows:

(millions of euros)	12/31/2019	Capital expenditures	Disposals and reimbursements of capital	Valuation using equity method	Other changes	6/30/2020
Tiglio I	1					1
Nordcom	5					5
W.A.Y.	3					3
Other	2			1		3
Total Associates	**11**	**–**	**–**	**1**	**–**	**12**
TIMFin		1				1
INWIT			(393)	(254)	3,610	2,963
Total Joint Ventures	**–**	**1**	**(393)**	**(254)**	**3,610**	**2,964**
Total investments accounted for using the equity method	**11**	**1**	**(393)**	**(253)**	**3,610**	**2,976**

In relation to the INWIT equity investment, the following is highlighted: i) the "other changes" flow includes the carrying amount of the equity investment at March 31, 2020 following the deconsolidation of the company (for further details see the note "Scope of consolidation"); ii) the "disposals and reimbursements of capital" flow includes the effects deriving from the sale of a share package equal to 4.3% of the share capital of INWIT, through an accelerated book-building procedure reserved for institutional investors completed on April 23, 2020; iii) the "valuation using the equity method" flow includes the portion pertaining to the positive economic result of the investee including, similarly to that done by INWIT, the greater amortization charge, at consolidated level, of the assets to which part of the greater value deriving from the corporate integration transaction of Vodafone Towers S.r.l. in INWIT (2 million euros) has been allocated. This flow also includes the reduction in the carrying amount of the equity investment for dividends received during the period (256 million euros).

The list of **investments accounted for using the equity method** is presented in the Note “List of companies of the TIM Group”.

Other investments refer to the following:

(millions of euros)	6/30/2020	12/31/2019
Fin.Priv.	14	21
Northgate CommsTech Innovations Partners L.P.	25	19
Other	12	12
Total	**51**	**52**

It should also be noted that at June 30, 2020, the TIM Group had a subscription commitment for units in the Northgate CommsTech Innovations Partners L.P. Fund for 9.5 million USD, equal to 8.5 million euros at the exchange rate as at June 30, 2020.

As permitted by IFRS 9, TIM now measures all Other Investments at fair value through other comprehensive income (FVTOCI).

NOTE 10
FINANCIAL ASSETS (NON-CURRENT AND CURRENT)

Financial assets (non-current and current) were broken down as follows:

(millions of euros)		6/30/2020	12/31/2019
Other non-current financial assets			
Securities other than investments		–	–
Receivables from employees		41	43
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		2,808	2,051
Non-hedging derivatives		62	6
Other financial receivables		11	–
		2,922	**2,100**
Financial receivables for lease contracts		**47**	**51**
Total non-current financial assets	**(a)**	**2,969**	**2,151**
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)		834	728
Measured at fair value through profit or loss (FVTPL)		42	149
		876	**877**
Financial receivables and other current financial assets			
Liquid assets with banks, financial institutions and post offices (with maturity over 3 months)		–	–
Receivables from employees		13	13
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		84	101
Non-hedging derivatives		32	5
Other short-term financial receivables		2	3
		131	**122**
	(b)	**1,007**	**999**
Financial receivables for lease contracts	**(c)**	**36**	**58**
Cash and cash equivalents	**(d)**	**3,603**	**3,138**
Total current financial assets	**e=(b+c+d)**	**4,646**	**4,195**
Financial assets relating to Discontinued operations/Non-current assets held for sale	**(f)**	**–**	**65**
Total non-current and current financial assets	**g=(a+e+f)**	**7,615**	**6,411**

Financial receivables for lease contracts refer to:

- finance leases on user rights and equipment;
- new commercial offers for TIM Consumer and Business customers involving the rental of ADSL routers;
- contracts for the rental of products to TIM customers with ancillary services ("full rent formula") and lease contracts entered into in prior years by Teleleasing with TIM customers;
- 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.

As at June 30, 2020, it should be noted that 24 million euros related to lease contracts for commercial products with customers were classified in accordance with IFRS16.

Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature mainly refer to the mark-to-market spot valuation component of the hedging derivatives, whereas **hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature** refer to accrued income on such derivative contracts.

The **Non-hedging derivatives** consist mainly of the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit.
Further details are provided in the Note “Derivatives”.

Securities other than investments included in current financial assets relate to:

- 834 million euros of listed securities, of which 319 million euros of Italian and European treasury bonds purchased by Telecom Italia Finance S.A. as well as 515 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 consistent 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;
- 42 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 April 28, 2020, in compliance with two securities lending agreements signed with Telecom Italia Finance S.A. on November 27, 2019 and later renewed, TIM S.p.A. received on loan until February 2, 2021 (renewable term) 98 million euros (nominal) of BTP 03/01/2023 and 150 million euros of BTP 04/15/2021.
At the same time, on December 1, 2019, TIM S.p.A. lent 98 million euros (nominal) of BTP 01/03/2023 and 150 million euros (nominal) of BTP 15/04/2021 to its counterparty NatWest.
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 the Note “Accounting standards”.

Cash and cash equivalents increased by 465 million euros compared to December 31, 2019 and were broken down as follows:

(millions of euros)	6/30/2020	12/31/2019
Liquid assets with banks, financial institutions and post offices	3,124	2,655
Checks, cash and other receivables and deposits for cash flexibility		–
Securities other than investments (due within 3 months)	479	483
Total	**3,603**	**3,138**

The different technical forms of investing available cash at June 30, 2020 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 according to Standard & Poor’s with 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 three months) included 478 million euros (482 million euros at December 31, 2019) 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

The item fell compared to December 31, 2019, by 276 million euros and is broken down as follows:

(millions of euros)		6/30/2020	12/31/2019
Miscellaneous receivables (non-current)	**(a)**	**728**	**987**
Other non-current assets			
Deferred contract costs		1,520	1,554
Other cost deferrals		61	44
	(b)	**1,581**	**1,598**
Total	**(a+b)**	**2,309**	**2,585**

Miscellaneous non-current receivables totaled 728 million euros (987 million euros at December 31, 2019) and included Non-current income tax receivables of 73 million euros (84 million euros at December 31, 2019).
This item was mainly due to the Brazil Business Unit (685 million euros; 944 million euros at December 31, 2019). In particular, the Brazil Business Unit at June 30, 2020 had non-current receivables for indirect taxes totaling 493 million euros, including receivables arising from the favorable outcome of tax disputes related to the inclusion of ICMS indirect tax in the basis of the calculation of the PIS/COFINS contribution (for more details, see the note on "Pending disputes and legal action, other information, commitments and guarantees" in the 2019 Consolidated Financial Statements), and receivables for court deposits of 31 2019 152 million euros (225 million euros at December 31, 2019).

Other **non-current assets** amounted to 1,581 million euros (1,598 million euros at December 31, 2019). They mainly break down as follows:

- **Deferred contract costs** of 1,520 million euros (1,554 million euros at December 31, 2019), mainly related to the deferral of costs related to the activation and acquisitions of new contracts with customers. Contractual costs (mainly technical setup fees and commissions to the sales network) are deferred and recognized in the separate income statement according to the expected duration of the contractual relationship with customers (on average around 3 years for the mobile business and 7 years for the fixed business).

  Total deferred contract costs (non-current and current) amounted to 2,129 million euros and break down as follows:

(millions of euros)	6/30/2020	12/31/2019
Deferred contract costs		
Non-current deferred contract costs	1,520	1,554
Current deferred contract costs	609	618
Total	**2,129**	**2,172**

(millions of euros)	6/30/2020	12/31/2019
Deferred contract costs		
Contract acquisition costs	1,114	1,146
Contract execution costs	1,015	1,026
Total	**2,129**	**2,172**

Deferred contract costs will be recognized in the income statement for future years and, in particular, for approximately 320 million euros in 2020 and for approximately 545 million euros in 2021, based on the amount at June 30, 2020 without taking into account the new deferred portions.

(millions of euros)	6/30/2020	period of recognition in the income statement					
		2nd Half 2020	Year 2021	Year 2022	Year 2023	Year 2024	After 2024
Contract acquisition costs	1,114	189	301	222	152	114	136
Contract execution costs	1,015	131	244	217	179	131	113
Total	**2,129**	**320**	**545**	**439**	**331**	**245**	**249**

- **Other deferred costs** of 61 million euros, mainly attributable to the Group Parent (38 million euros) and the companies of the Telecom Italia Sparkle group (15 million euros) and the Brazil Business Unit (7 million euros).

NOTE 12
TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER CURRENT ASSETS

Trade and miscellaneous receivables and other current assets fell by 218 million euros compared to December 31, 2019. The figure breaks down as follows:

(millions of euros)		6/30/2020	12/31/2019
Amounts due on construction contracts	**(a)**	**76**	**86**
Trade receivables			
Receivables from customers		2,328	2,437
Receivables from other telecommunications operators		736	815
	(b)	**3,064**	**3,252**
Miscellaneous receivables (current)			
Other receivables	**(c)**	**541**	**691**
Other current assets			
Contract assets		34	34
Deferred contract costs		609	618
Other cost deferrals		315	176
	(d)	**958**	**828**
Total	**(a+b+c+d)**	**4,639**	**4,857**

Trade receivables amounted to 3,064 million euros (3,252 million euros at December 31, 2019) and are stated net of the provision for bad debts of 665 million euros (757 million euros at December 31, 2019). They included 24 million euros (30 million euros at December 31, 2019) of medium/long-term receivables, principally in respect of agreements for the sale of transmission capacity under Indefeasible Rights of Use (IRU).
The provision for bad debts as at June 30, 2020 includes the provisions made during the first half of 2020 (174 million euros, of which 17 million euros of a non-recurring nature in relation to the COVID-19 emergency. The macroeconomic scenario with a sharp reduction in GDP caused by the pandemic reduced customer spending power, resulting in an increase in arrears compared to the historical trends recorded before the emergency. Consequently, the provision for bad debt was adjusted according to the expected loss differential.

Trade receivables mainly related to TIM S.p.A. (2,241 million euros) and to the Brazil Business Unit (491 million euros).

Miscellaneous receivables (current) refer to other receivables amounting to 541 million euros (691 million euros at December 31, 2019) and were net of a provision for bad debts of 49 million euros (49 million euros at December 31, 2019). Details are as follows:

(millions of euros)	6/30/2020	12/31/2019
Advances to suppliers	21	10
Receivables from employees	17	11
Tax receivables	211	376
Receivables for grants from the government and public entities	19	44
Sundry receivables	273	250
Total	**541**	**691**

Tax receivables mainly relate to the Brazil Business Unit (199 million euros) and are related to local indirect taxes; specifically, they include the recognition of current tax receivables resulting from the favourable outcome of tax disputes relating to the inclusion of the ICMS indirect tax in the basis for calculating of the PIS/COFINS contribution, the use of which began as early as the end of 2019.

Receivables for grants from the government and public entities (19 million euros) referred mainly to the UltraBroadband-UBB and Broadband-BB projects. The grants are recognized to the income statement when the related plants become ready for use.
Sundry receivables mainly included:

- TIM S.p.A. miscellaneous receivables from TLCs, including receivables for the contribution of the same to the Universal Service (66 million euros);
- receivables from social security and assistance agencies due to TIM S.p.A (61 million euros);
- receivables for with-recourse assignments to other factoring companies due to TIM S.p.A (38 million euros);
- the receivable of TIM S.p.A. for the repayment of the fine relating to Antitrust Case I761, following the ruling of the State Council of December 2019 (21 million euros).

Other current assets included:

- **Contract assets:** This item includes the effect of the advance recognition of revenues for those bundle contracts (such as bundles of products and services) with the individual performance obligations with different timing for their recognition, in which the goods recognized "at a point in time" are sold at a discounted price together with, or for those contracts which, by providing for a discount for a period of time shorter than the minimum duration contract, require, pursuant to IFRS 15, a reallocation of the discount over the minimum contractual term. Contract Assets at June 30, 2020 amounted to 34 million euros (34 million euros at December 31, 2019) and are net of the related write-down provision of 2 million euros, substantially unchanged compared to December 31, 2019, since the reversal to the income statement of the previously accumulated balance was substantially offset by the need to distribute discounts granted to customers temporally over the minimum contractual term, with particular reference to those connected with the impact of COVID-19;

- **Deferred contractual costs** amounted to 609 million euros (618 million euros at December 31, 2019) and were contract costs (mainly costs technical costs for the activation and commissions for the sales network) deferred and recognized in the separate consolidated income statement according to the expected duration of the contractual relationship with customers (on average around 3 years for the mobile and 7 years for the fixed-line business). Further details are provided in the Note "Miscellaneous receivables and other non-current assets".

- **Other deferred costs** relating mainly:
  - to the Parent essentially for the deferral of costs related to rental and other leases and rentals (160 million euros), the deferral of costs for the acquisition of products and services (56 million euros), deferral of after-sales expenses on application offers (28 million euros), insurance premiums (18 million euros), maintenance fees (7 million euros) and deferral of costs related to TV rights and Internet rights (3 million euros);
  - to the Telecom Italia Sparkle group mainly related to the deferral of costs connected to payments for line lease and maintenance payments (10 million euros);
  - to the Brazil Business Unit essentially for items related to marketing activities (approximately 8 million euros) and insurance premiums (about 5 million euros).

NOTE 13
DISCONTINUED OPERATIONS / NON-CURRENT ASSETS HELD FOR SALE

At June 30, 2020 the item refers to the net carrying amount of the right to use a dark fiber coupler of the Seabras transmission system, equal to approximately 24 million euros, acquired by Telecom Italia Sparkle in November 2017 and reclassified on June 30, 2020 to the item Non-current assets held for sale. In fact, in June 2020, the management considered that the conditions envisaged in this regard by accounting standard IFRS 5 existed, and in particular it deemed its sale through a financial sub-lease contract highly probable, taking into account the negotiation status of the transaction as of June 30, 2020. At the end of July 2020, the contract was signed for a total consideration of 67.8 million USD.

At December 31, 2019 the item referred to the assets and liabilities relating to the Infrastrutture Wireless Italiane S.p.A. (INWIT) company.

In relation to INWIT it is noted that:

- on December 19, 2019 the INWIT Shareholders' Meeting approved the merger by incorporation of Vodafone Towers S.r.l. into INWIT;
- on March 6, 2020 the European Commission has cleared the combination of INWIT's passive network infrastructure with Vodafone Italy's towers;
- on March 25, 2020, the closing of the merger between INWIT and Vodafone Towers S.r.l. in INWIT was finalized, with the stipulation of relative agreements for the merger with Vodafone Towers S.r.l. and INWIT;
- The merger became effective from March 31, 2020;

The merger completion, which enabled the creation of Italy's leading tower operator, diluted the TIM Group's stake in the capital of INWIT from 60% to 37.5%. As a result, as of this date, INWIT S.p.A. has been measured using the equity method.
For further details, see the note "Investments".

In addition, the dilution resulted in the recognition of a net capital gain for 441 million euros in the ambit of "Other income from investment" in the Separate Consolidated Income Statement for the first half of 2020 of the TIM Group.

As of December 31, 2019, considering that completion of the integration transaction described above by 2020 was highly probable, INWIT was presented as an "Asset held for sale".

Below, the breakdown of Assets and liabilities held for sale:

(millions of euros)		6/30/2020	12/31/2019
Discontinued operations/Non-current assets held for sale:			
of a financial nature		–	65
of a non-financial nature		24	4,582
Total	**(a)**	**24**	**4,647**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature			655
of a non-financial nature			150
Total	**(b)**	**–**	**805**
Net value of assets held for sale	**(a-b)**	**24**	**3,842**

NOTE 14
EQUITY

Equity consisted of:

(millions of euros)	6/30/2020	12/31/2019
Equity attributable to Owners of the Parent	20,081	20,280
Non-controlling interests	1,313	2,346
Total	**21,394**	**22,626**

The breakdown of **Equity attributable to Owners of the Parent** is provided below:

(millions of euros)	6/30/2020		12/31/2019	
Share capital		11,588		11,587
Additional paid-in capital		2,094		2,094
Other reserves and retained earnings (accumulated losses), including profit (loss) for the period		6,399		6,599
Reserve for financial assets measured at fair value through other comprehensiv e income	8		19	
Reserve for hedging instruments	(1)		(440)	
Reserve for exchange differences on translating foreign operations	(2,417)		(1,417)	
Reserve for remeasuremen ts of employee defined benefit plans (IAS 19)	(126)		(124)	
Share of other profits (losses) of associates and joint ventures accounted for using the equity method	–		–	
Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	8,935		8,561	
Total		**20,081**		**20,280**

Based on the resolution passed by the shareholders' meeting held on April 23, 2020, profit for 2019 shown in the financial statements of the Parent TIM S.p.A. has been allocated as follows:

- 317 million euros distributed to Shareholders for a dividend of 0.0100 euro for each ordinary share and 0.0275 euro for each savings share, gross of statutory withheld tax;
- 19 million euros to the legal reserve;
- 46 million euros to retained earnings.

At June 30, 2020 **Capital** was equal to 11,588 million euros, already net of treasury shares for 89 million euros (11,587 million euros, already net of treasury shares for 90 million euros at December 31, 2019).
The reduction in treasury shares was related to the sale of shares based on the "Special Award 2016-2019" compensation plan. For further details, see the Note “Equity Compensation Plans”.

Movements in share capital during the first half of 2020 are shown in the tables below:

Reconciliation between the number of shares outstanding at December 31, 2019 and June 30, 2020

(number of shares)		at 12/31/2019	Sale of shares	at 6/30/2020	% of share capital
Ordinary shares issued	(a)	15,203,122,583	–	15,203,122,583	71.61%
less: treasury shares	(b)	(163,754,388)	2,492,305	(161,262,083)	
Ordinary shares outstanding	(c)	15,039,368,195	2,492,305	15,041,860,500	
Savings shares issued and outstanding	(d)	6,027,791,699	–	6,027,791,699	28.39%
Total TIM S.p.A. shares issued	**(a+d)**	**21,230,914,282**	**–**	**21,230,914,282**	**100.00%**
Total TIM S.p.A. shares outstanding	**(c+d)**	**21,067,159,894**	**2,492,305**	**21,069,652,199**	

Reconciliation between the value of shares outstanding at December 31, 2019 and June 30, 2020

(millions of euros)		Share capital at 12/31/2019	Change in share capital	Capital at 6/30/2020
Ordinary shares issued	(a)	8,362	–	**8,362**
less: treasury shares	(b)	(90)	1	**(89)**
Ordinary shares outstanding	(c)	8,272	1	**8,273**
Savings shares issued and outstanding	(d)	3,315	–	**3,315**
Total TIM S.p.A. share capital issued	**(a+d)**	**11,677**	**–**	**11,677**
Total TIM S.p.A. share capital outstanding	**(c+d)**	**11,587**	**1**	**11,588**

FUTURE POTENTIAL CHANGES IN SHARE CAPITAL

Details of "Future potential changes in share capital" are presented in the Note "Earnings per share".

NOTE 15
FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(millions of euros)		6/30/2020	12/31/2019
Non-current financial liabilities for financing contracts and others			
Financial payables (medium/long-term):			
Bonds		17,308	17,848
Convertible bonds		1,941	1,925
Amounts due to banks		3,749	3,996
Other financial payables		178	176
		23,176	**23,945**
Other financial liabilities (medium/long-term):			
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		1,808	1,659
Non-hedging derivatives		–	1
Other liabilities			–
		1,808	**1,660**
	(a)	**24,984**	**25,605**
Finance lease liabilities (medium/long-term)	**(b)**	**4,203**	**4,576**
Total non-current financial liabilities	**c=(a+b)**	**29,187**	**30,181**
Current financial liabilities for financing contracts and others			
Financial payables (short term):			
Bonds		1,561	1,952
Convertible bonds		6	6
Amounts due to banks		1,950	1,048
Other financial payables		95	114
		3,612	**3,120**
Other financial liabilities (short-term):			
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		70	62
Non-hedging derivatives		3	–
Other liabilities		–	–
		73	**62**
	(d)	**3,685**	**3,182**
Finance lease liabilities (short-term)	**(e)**	**697**	**639**
Total current financial liabilities	**f=(d+e)**	**4,382**	**3,821**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	**(g)**	**–**	**655**
Total Financial liabilities (Gross financial debt)	**h=(c+f+g)**	**33,569**	**34,657**

Gross financial debt according to the original currency of the transaction is as follows:

	6/30/2020		12/31/2019	
	(millions of foreign currency)	(millions of euros)	(millions of foreign currency)	(millions of euros)
USD	5,871	5,243	5,683	5,059
GBP	378	414	389	457
BRL	8,862	1,445	9,444	2,086
JPY	20,031	166	20,030	164
ILS	58	15	60	15
EURO		26,286		26,221
Total excluding Held for Sale		**33,569**		**34,002**
Held for Sale		–		655
Total		**33,569**		**34,657**

For the exchange rates used for the conversion of amounts in foreign currency, see the Note "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:

(millions of euros)	6/30/2020	12/31/2019
Up to 2.5%	6,661	5,627
From 2.5% to 5%	13,233	13,793
From 5% to 7.5%	7,750	8,059
From 7.5% to 10%	2,057	2,211
Over 10%	1,336	1,794
Accruals/deferrals, MTM and derivatives	2,532	2,518
Total excluding Held for Sale	**33,569**	**34,002**
Held for Sale	–	655
Total	**33,569**	**34,657**

Following the use of derivative hedging instruments, on the other hand, the gross financial debt by nominal interest rate bracket is:

(millions of euros)	6/30/2020	12/31/2019
Up to 2.5%	15,139	13,224
From 2.5% to 5%	10,222	11,474
From 5% to 7.5%	3,169	3,747
From 7.5% to 10%	1,171	1,245
Over 10%	1,336	1,794
Accruals/deferrals, MTM and derivatives	2,532	2,518
Total excluding Held for Sale	**33,569**	**34,002**
Held for Sale	–	655
Total	**33,569**	**34,657**

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:

(millions of euros)	maturing by 6/30 of the year: 2021	2022	2023	2024	2025	After 2025	Total
Convertible bonds	1,274	3,093	1,411	4,339	1,000	9,257	20,374
Loans and other financial liabilities	670	1,683	887	409	304	405	4,358
Finance lease liabilities	664	505	493	475	435	2,296	4,868
Total	**2,608**	**5,281**	**2,791**	**5,223**	**1,739**	**11,958**	**29,600**
Current financial liabilities	1,360	–	–	–	–	–	1,360
Total	**3,968**	**5,281**	**2,791**	**5,223**	**1,739**	**11,958**	**30,960**

The main components of financial liabilities are commented below.

Bonds are broken down as follows:

(millions of euros)	6/30/2020	12/31/2019
Non-current portion	17,308	17,848
Current portion	1,561	1,952
Total carrying amount	**18,869**	**19,800**
Fair value adjustment and measurements at amortized cost	(495)	(638)
Total nominal repayment amount	**18,374**	**19,162**

The **convertible bonds** consist of the unsecured equity-linked bond for 2,000 million euros, with a coupon of 1.125%, issued by TIM S.p.A., convertible into newly-issued ordinary shares, maturing in 2022. This item was broken down as follows:

(millions of euros)	6/30/2020	12/31/2019
Non-current portion	1,941	1,925
Current portion	6	6
Total carrying amount	**1,947**	**1,931**
Fair value adjustment and measurements at amortized cost	53	69
Total nominal repayment amount	**2,000**	**2,000**

The nominal repayment amount of bonds and convertible bonds totaled 20,374 million euros, down by 788 million euros compared to December 31, 2019 (21,162 million euros) as a result of new issues, repayments and the exchange effect in the first half of 2020.

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 repurchases, and also at market value:

Currency	Amount (millions)	Nominal repayment amount (millions of euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 6/30/20 (%)	Market value at 6.30.20 (millions of euros)
Bonds issued by TIM S.p.A.								
Euro	547.5	547.5	4.875%	9/25/13	9/25/20	98.966	100.970	553
Euro	563.6	563.6	4.500%	1/23/14	1/25/21	99.447	102.122	576
Euro	(b) 208,7	208.7	6 month Euribor (base 365)	1/1/02	1/1/22	100	100	209
Euro	883.9	883.9	5.250%	2/10/10	2/10/22	99.295	106.449	941
Euro	(c) 2,000	2,000	1.125%	3/26/15	3/26/22	100	97.858	1,957
Euro	1,000	1,000	3.250%	1/16/15	1/16/23	99.446	104.326	1,043
GBP	375	411	5.875%	5/19/06	5/19/23	99.622	108.296	445
Euro	1,000	1,000	2.500%	1/19/17	7/19/23	99.288	102.074	1,021
Euro	750	750	3.625%	1/20/16	1/19/24	99.632	104.220	782
Euro	1,250	1,250	4.000%	1/11/19	4/11/24	99.436	104.899	1,311
USD	1,500	1,339.5	5.303%	5/30/14	5/30/24	100	104.778	1,403
Euro	1,000	1,000	2.750%	4/15/19	4/15/25	99.320	100.618	1,006
Euro	1,000	1,000	3.000%	9/30/16	9/30/25	99.806	102.043	1,020
Euro	750	750	2.875%	6/28/18	1/28/26	100	101.119	758
Euro	1,000	1,000	3.625%	5/25/16	5/25/26	100	104.672	1,047
Euro	1,250	1,250	2.375%	10/12/17	10/12/27	99.185	97.971	1,225
Euro	670	670	5.250%	3/17/05	3/17/55	99.667	110.175	738
Subtotal		15,624						16,035
Bonds issued by Telecom Italia Finance S.A. and guaranteed by TIM S.p.A.								
Euro	1,015	1,015	7.750%	1/24/03	1/24/33	(a) 109.646	140.384	1,425
Subtotal		1,015						1,425
Bonds issued by Telecom Italia Capital S.A. and guaranteed by TIM S.p.A.								
USD	1,000	893	6.375%	10/29/03	11/15/33	99.558	113.040	1,009
USD	1,000	893	6.000%	10/6/04	9/30/34	99.081	108.930	973
USD	1,000	893	7.200%	7/18/06	7/18/36	99.440	119.428	1,067
USD	1,000	893	7.721%	6/4/08	6/4/38	100	126.126	1,126
Subtotal		3,572						4,175
Bonds issued by Tim S.A. and guaranteed by Tim Participaçoes S.A.								
BRL	1,000	163	104.10% CDI	1/25/19	7/15/20	100	100	163
Subtotal		163						163
Total		20,374						21,798

(a) Weighted average issue price for bonds issued with more than one tranche.
(b) Total Reserved for employees.
(c) Bond convertible into newly-issued TIM S.p.A. ordinary treasury shares.

The regulations and the Offering Circulars relating to the bonds of the TIM Group are available on the corporate website www.gruppotim.it.

The following table lists the changes in bonds during the first half of 2020:

Repayments

(millions in original currency)	Currency	Amount	Repayment date
Telecom Italia S.p.A. 719 million euros 4.000% (1)	Euro	719	1/21/2020

(1) Net of buy-backs totaling 281 million euros made by the company in 2015.

Medium/long-term amounts **due to banks** of 3,749 million euros (3,996 million euros at December 31, 2019) decreased by 247 million euros. Short-term amounts due to banks totaled 1,950 million euros (1,048 million euros at December 31, 2019) and included 674 million euros of the current portion of medium/long-term amounts due to banks. It should also be noted that Telecom Italia Finance S.A. has existing repurchase agreements on government and corporate bonds, for 469 million euros, expiring in September 2020.
Medium/long-term **other financial payables** totaled 178 million euros (176 million euros at December 31, 2019), 162 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 95 million euros (114 million euros at December 31, 2019) and included 7 million euros of the current portion of medium/long-term other financial payables.
Medium/long-term **finance lease liabilities** amounted to 4,203 million euros (4,576 million euros at December 31, 2019). Short-term finance lease liabilities amounted to 697 million euros (639 million euros at December 31, 2019) and referred to the current portion of medium/long-term finance lease liabilities.
With reference to the financial lease liabilities recognized following the adoption of IFRS 16, in the first half of 2020 and the first half of 2019, the following is reported:

(millions of euros)	1st Half 2020	1st Half 2019
Principal reimbursements	269	259
Cash out interest portion	82	89
Total	**351**	**348**

Hedging derivatives relating to items classified as non-current liabilities of a financial nature amounted to 1,808 million euros (1,659 million euros at December 31, 2019). Hedging derivatives relating to items classified as current liabilities of a financial nature totaled 70 million euros (62 million euros at December 31, 2019).
There were no **non-hedging derivatives** classified as current financial liabilities (zero million euros at December 31, 2019), while non-hedging derivatives classified under non-current financial liabilities amounted to 3 million euros (1 million euros at December 31, 2019). 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” AT 6/30/2020

Bonds issued by the TIM Group 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[11]; furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative 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 the bonds were placed principally with institutional investors in major world capital markets (Euromarket and the USA), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets. Consequently, they carry negative pledges, such as, for example, the commitment not to pledge the company’s assets as collateral for loans.

Regarding loans taken out by TIM S.p.A. from the European Investment Bank (EIB), at June 30, 2020 the nominal total of outstanding loans was 850 million euros, none of it backed by a bank guarantee.
The two EIB loans signed on December 14, 2015 and November 25, 2019 contain the following covenants:

- in the event the company becomes the target of a merger, demerger or contribution of a business segment outside the 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 contracts, the EIB shall have the option to demand the immediate repayment of the loan (should the merger,

[11]A change of control event can result in the early repayment of the convertible bond of TIM S.p.A., as further detailed below.

demerger or contribution of a business segment outside the 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 Group companies other than TIM S.p.A. – except for the cases when that debt is fully and irrevocably secured by TIM S.p.A. – is lower than 35% of the 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 for the 2015 direct risk loan, 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 contract or choose an alternative solution.

The loan agreements of TIM S.p.A. do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.
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 are also found in export credit loan agreements.

In the Loan Agreements and the Bonds, 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 or as shares 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. 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.

In the documentation of the loans granted to certain companies of the Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt and debt ratios) as well as the usual other covenants, under pain of a request for the early repayment of the loan.

Finally, as at June 30, 2020, 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 the committed credit lines available at June 30, 2020:

(billions of euros)	6/30/2020		12/31/2019	
	Agreed	Drawn down	Agreed	Drawn down
Revolving Credit Facility – maturing January 2023	5.0	-	5.0	-
Bridge to Bond Facility – maturing Maggio 2021	1.7	-	-	-
Total	**6.7**	**-**	**5.0**	**-**

At June 30, 2020, TIM had bilateral Term Loans for 1,700 million euros with various banking counterparties and overdraft facilities for 490 million euros, drawn down for the full amount.

On May 18, 2020 TIM created a new credit line, structured as a bridge to bond, for later issuing on the bond market, for 1.7 billion euros and initially maturing after 12 months, with the option of extension for another 12 months.

TIM'S RATING AT JUNE 30, 2020

At June 30, 2020, the three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rated TIM as follows:

	Rating	**Outlook**
STANDARD & POOR'S	BB+	Stable
MOODY'S	Ba1	Negative
FITCH RATINGS	BB+	Stable

NOTE 16
NET FINANCIAL DEBT

The following table shows the net financial debt at June 30, 2020 and December 31, 2019, calculated in accordance with the criteria indicated in the "Recommendations for the Consistent Implementation of the European Commission Regulation on Prospectuses", issued on February 10, 2005 by the European Securities & Markets Authority (ESMA), and adopted by Consob.
For the purpose of determining such figure, the amount of financial liabilities has been adjusted by the effect of the relative hedging derivatives recorded in assets and the receivables arising from financial subleasing.
This table also shows the reconciliation of the net financial debt determined according to the criteria indicated by the ESMA and net financial debt calculated according to the criteria of the TIM Group.

(millions of euros)		6/30/2020	12/31/2019
Non-current financial liabilities		**29,187**	**30,181**
Current financial liabilities		**4,382**	**3,821**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale		**–**	**655**
Total Gross financial debt	**(a)**	**33,569**	**34,657**
Non-current financial assets (°)			
Non-current financial receivables arising from lease contracts		(47)	(51)
Non-current hedging derivatives		(2,808)	(2,051)
	(b)	**(2,855)**	**(2,102)**
Current financial assets			
Securities other than investments		(876)	(877)
Current financial receivables arising from lease contracts		(36)	(58)
Financial receivables and other current financial assets		(131)	(122)
Cash and cash equivalents		(3,603)	(3,138)
Financial assets relating to Discontinued operations/Non- current assets held for sale		–	(65)
	(c)	**(4,646)**	**(4,260)**
Net financial debt as per Consob communication DEM/6064293/2006 (ESMA)	**(d=a+b+c)**	**26,068**	**28,295**
Non-current financial assets (°)			
Securities other than investments		–	–
Other financial receivables and other non-current financial assets		(114)	(49)
	(e)	**(114)**	**(49)**
Net financial debt (*)	**(f=d+e)**	**25,954**	**28,246**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(g)	17	(578)
Adjusted net financial debt	**(f+g)**	**25,971**	**27,668**

(°) At June 30, 2020 and at December 31, 2019, "Non-current financial assets" (b+e) amounted to 2,969 million euros and 2,151 million euros, respectively.
(*) 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

(millions of euros)		12/31/2019	Cash movements		Non-cash movements			6/30/2020
			Receipts and/or issues	Payments and/or reimbursements	Exchange differences	Fair value changes	Other changes and reclassifications	
Financial payables (medium/long-term):								
Bonds		19,800		(719)	(73)	28	(167)	18,869
Convertible bonds		1,931					16	1,947
Amounts due to banks		4,373	465	(376)	(9)		(30)	4,423
Other financial payables		183			2			185
	(a)	**26,287**	**465**	**(1,095)**	**(80)**	**28**	**(181)**	**25,424**
of which short-term		*2,342*						*2,248*
Finance lease liabilities (medium/long-term):		**5,215**	**594**	**(326)**	**(451)**		**(132)**	**4,900**
	(b)	**5,215**	**594**	**(326)**	**(451)**	**–**	**(132)**	**4,900**
of which short-term		*639*						*697*
Other financial liabilities (medium/long-term):								
Hedging derivative liabilities relating to hedged items classified as non-current assets/liabilities of a financial nature		1,721			27	122	8	1,878
Non-hedging derivative liabilities		1			(1)	1	1	2
Other liabilities		–						–
	(c)	**1,722**	**–**	**–**	**26**	**123**	**9**	**1,880**
of which short-term		*62*						*72*
Financial payables (short term):								
Amounts due to banks		671					605	1,276
Other financial payables		107			(2)	(1)	(15)	89
	(d)	**778**	**–**	**–**	**(2)**	**(1)**	**590**	**1,365**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale:		**655**	**38**	**(29)**			**(664)**	**–**
	(e)	**655**	**38**	**(29)**	**–**	**–**	**(664)**	**–**
Total Financial liabilities (Gross financial debt)								
	(f=a+b+c+d+e)	**34,657**	**1,097**	**(1,450)**	**(507)**	**150**	**(378)**	**33,569**
Hedging derivative receivables relating to hedged items classified as current and noncurrent assets/liabilities of a financial nature	**(g)**	2,152			15	741	(16)	2,892
Non-hedging derivative receivables	**(h)**	11			78	4	1	94
Total	**(i=f-g-h)**	**32,494**	**1,097**	**(1,450)**	**(600)**	**(595)**	**(363)**	**30,583**

Additional Cash Flow information

The value of the paid and collected interest expense reported in the Report on Operations 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.

(millions of euros)	1st Half 2020	1st Half 2019
Interest expense paid	(917)	(992)
Interest income received	223	282
Net total	**(694)**	**(710)**

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:

(millions of euros)	1st Half 2020	1st Half 2019
Interest expense paid	(727)	(711)
Interest income received	33	1
Net total	**(694)**	**(710)**

NOTE 17
DERIVATIVES

The hedge accounting rules provided by IAS 39 continued to be applied in the first half for derivatives.

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 in place at June 30, 2020, are principally used to manage debt positions. They include interest rate swaps (IRSs) to reduce interest rate exposure on 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.

The following tables break down the 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 (millions of euros)	**Hedged risk**	**Notional amount at 6/30/2020**	**Notional amount at 12/31/2019**	**Mark to Market Spot* (Clean Price) at 6/30/2020**	**Mark-to-Market* Sport (Clean Price) at 12/31/2019**
Interest rate swaps	Interest rate risk	4,334	4,334	192	152
Cross Currency and Interest Rate Swaps	Interest rate risk and currency exchange rate risk	-	-	-	-
Total Fair Value Hedge Derivatives		4,334	**4,334**	192	**152**
Interest rate swaps	Interest rate risk	5,015	4,871	705	258
Cross Currency and Interest Rate Swaps	Interest rate risk and currency exchange rate risk	5,042	5,206	62	(57)
Total Cash Flow Hedge Derivatives		10,057	**10,077**	767	**201**
Total Non-Hedge Accounting Derivatives		893	**151**	92	**10**
Total TIM Group derivatives		15,284	**14,562**	**1,051**	**363**

Spot Mark-to-market above represents the market measurement of the derivative net of the accrued portion of the flow in progress.

NOTE 18
SUPPLEMENTARY DISCLOSURES ON FINANCIAL INSTRUMENTS

MEASUREMENT AT FAIR VALUE

The fair value measurement of the financial instruments of the Group 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 next tables present some additional information on financial instruments, including the table on hierarchy levels for each financial asset/liability class measured at fair value at June 30, 2020.

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
Hedging Derivatives	HD
Not applicable	n.a.

Hierarchy levels for each class of financial asset/liability measured at fair value at 6/30/2020

(millions of euros)	IFRS 9 categories	Notes	Carrying amount in the financial statements at 6/30/2020	Levels of hierarchy Level 1 (*)	Level 2 (*)	Level 3 (*)
ASSETS						
Non-current assets						
Other investments	FVTOCI	9)	51		14	37
Securities, financial receivables and other non-current financial assets						
of which securities	FVTOCI	10)				
of which hedging derivatives	HD	10)	2,808		2,808	
of which non-hedging derivatives	FVTPL	10)	62		62	
(a)			**2,921**		**2,884**	**37**
Current assets						
Securities						
Measured at fair value through other comprehensive income (FVTOCI)	FVTOCI	10)	834	834		
Measured at fair value through profit or loss (FVTPL)	FVTPL	10)	42	*42*		
Financial receivables and other current financial assets						
of which hedging derivatives	HD	10)	84		84	
of which non-hedging derivatives	FVTPL	10)	32		32	
(b)			**992**	**876**	**116**	
Total (a+b)			**3,862**	**876**	**3,000**	**37**
LIABILITIES						
Non-current liabilities						
of which hedging derivatives	HD	15)	1,808		1,808	
of which non-hedging derivatives	FVTPL	15)	-		-	
(c)			**1,808**		**1,808**	
Current liabilities						
of which hedging derivatives	HD	15)	70		70	
of which non-hedging derivatives	FVTPL	15)	3		3	
(d)			**73**		**73**	
Total (c+d)			**1,881**		**1,881**	

(*) Level 1: corresponds to 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.

Other investments measured at "Fair value through other comprehensive income" in Level 3, at June 30, 2020 mainly refer to Northgate CommsTech Innovations Partners L.P..

In addition, during the first half of 2020, there were no transfers between different of hierarchy levels financial assets and liabilities measured at fair value.

NOTE 19
EMPLOYEE BENEFITS

Employee benefits fell by 429 million euros compared to December 31, 2019. The figure breaks down as follows:

(millions of euros)		12/31/2019	Increases/ Present value	Decrease	Exchange differences and other changes	6/30/2020
Provision for employee severance indemnities	**(a)**	**841**	**7**	**(8)**	**1**	**841**
Provision for pension and other plans		24	1	(1)	-	24
Provision for termination benefit incentives and corporate restructuring		559	33	(461)	(1)	130
Total other provisions for employee benefits	**(b)**	**583**	**34**	**(462)**	**(1)**	**154**
Total	**(a+b)**	**1,424**	**41**	**(470)**	**-**	**995**
of which:						
non-current portion		**1,182**				**916**
current portion (*)		**242**				**79**

(*) The current portion refers only to Other provisions for employee benefits.

The **Provision for employee severance indemnities** it refers only to Italian companies and remains substantially unchanged. The decreases of 8 million euros refer to uses in the period for employees who terminated employment or for advances. The increase of 7 million euros in the column "Increases/Present value" consists of the following:

(millions of euros)	1st Half 2020	1st Half 2019
(Positive)/negative effect of curtailment	-	-
Current service cost (*)	-	-
Finance expenses	4	7
Net actuarial (gains) losses for the period	3	70
Total	**7**	**77**
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.

Actuarial losses at June 30, 2020 equal to 3 million euros (net actuarial losses for 70 million euros in the first half of 2019) and basically refer to the balance between the change in discounting rate that stood at 0.74% to 0.77% used at December 31, 2019 and the turnover effect related to company restructuring plans already started in the previous year. The inflation rate remained unchanged at 1.2% for the entire time horizon.

The **Provision for pension and other plans** amounted to 24 million euros (24 millions euros at December 31, 2019) and mainly represented pension plans in place at foreign companies of the Group.

The **Provision for termination benefit incentives and corporate restructuring** decreased in total by 429 million euros, mainly as a result of redundancies and the reclassification to payables of amounts not yet paid, relating to plans already set aside in previous years (overall equal to 461 million euros). Increases, amounting to 33 million euros, are related to the revision of the estimate of the Parent and effect from exit provided for the year 2020 (also through the application of Article 4, of Italian Law 92 of June 28, 2012, as defined by that in the Trade Union Agreement of February 26, 2019 and the Trade Union Agreement signed June, 4, 2020) and to the provision made for departures based on the application of Article 4, of Italian Law 92 of June 28, 2012, following the agreements signed with trade unions on April 22, 2020 respectively by Olivetti and Telecom Italia Trust Technologies.

NOTE 20
PROVISIONS

Provisions fell by 106 million euros compared to December 31, 2019. The figure breaks down as follows:

(millions of euros)	**12/31/2019**	Increase	Taken to income	Used directly	Exchange differences and other changes	**6/30/2020**
Provision for taxation and tax risks	83	3	–	(1)	(23)	62
Provision for restoration costs	260	7	–	(3)	(3)	261
Provision for legal disputes	869	58	–	(106)	(27)	794
Provision for commercial risks	30	4	(1)	(5)	3	31
Provision for risks and charges on investments and corporate-related transactions	21	–	–	–	–	21
Other provisions	26	10	(1)	(22)	1	14
Total	**1,289**	**82**	**(2)**	**(137)**	**(49)**	**1,183**
of which:						
non-current portion	725					753
current portion	564					430

The **provision for taxation and tax risks** decreased by 21 million euros compared to December 31, 2019, mainly due to the exchange rate effect of the period (–20 million euros). The balance at June 30, 2020 reflects provisions and uses made for the Brazil Business Unit.

The **provision for restoration costs** refers to the provision for the costs expected to be incurred for the restoration of leased properties and sites used in the mobile telephony sector and for the dismantling of assets (in particular: batteries and wooden poles); is mainly attributable to the Parent (254 million euros) and the Brazil Business Unit (5 million euros).

The **provision for legal disputes** included the provision for litigation with employees, social security entities, regulatory authorities and other counterparties.
The balance at June 30, 2020, refers to 707 million euros relative to the Domestic Business Unit and Brazil Business Unit (86 million euros).

NOTE 21
MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

Miscellaneous payables and other non-current liabilities rose by 149 million euros compared to December 31, 2019. The figure breaks down as follows:

(millions of euros)		6/30/2020	12/31/2019
Miscellaneous payables (non-current)			
Payables to social security agencies		616	379
Income tax payables		50	61
Other payables		1,805	1,808
	(a)	**2,471**	**2,248**
Other non-current liabilities			
Deferred revenues from customer contracts (Contract liabilities)		102	94
Other deferred revenue and income		483	553
Capital grants		307	319
	(b)	**892**	**966**
Total	**(a+b)**	**3,363**	**3,214**

Miscellaneous payables (non-current) included:

- **Payables to social security agencies** amounting to 616 million euros, mainly relating to the debt position with INPS regarding the application of the 2015 and subsequent agreements signed in 2018, 2019 and 2020, relating to Article 4, paragraphs 1-7ter, of Italian Law 92 of June 28, 2012;
- **other payables** amounting to 1,805 million euros. They include, in particular, the non- current payable connected to the acquisition – which took place in 2018 – of the user licenses for the frequencies in the bands 694–790 MHz, 3600–3800 MHz and 26.5–27.5 GHz, to be allocated on 5G mobile communication services in Italy. The residual amount payable was 1,793 million euros and recognized under the item miscellaneous payables (non current) and 110 million euros under the item current miscellaneous payables; the payment schedule is the following:
  - 110 million euros by September 2020;
  - 55 million euros by September 2021;
  - 1,738 million euros by September 2022.

Other non-current liabilities included:

- **Deferred revenues from customer contracts (contract liabilities)** equal to 102 million euros (94 million euros at December 31, 2019) which are reversed to the income statement according to the duration of contractual obligations between the parties, averaging 24 months; therefore, the balance as at June 30, 2020 will be reversed to the income statement generally by 2022. In particular, the item includes:
  - deferred revenues for TIM S.p.A. subscription fees, rent and maintenance (58 million euros);
  - deferred revenues related to network access fees of TIM S.p.A. (29 million euros);
  - deferred revenues for activation and installation fees charged on new TIM S.p.A. customer contracts (10 million euros): in this regard, it is noted that under IFRS 15 activation/installment revenue 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 483 million euros, mainly including the non-current portion (approximately 124 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 (lease operating income).
- **Capital grants** of 307 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 22
TRADE AND MISCELLANEOUS PAYABLES AND OTHER CURRENT LIABILITIES

Trade miscellaneous payables and other current liabilities fell by 1.110 million euros compared to December 31, 2019. The figure breaks down as follows:

(millions of euros)		6/30/2020	12/31/2019
Payables on construction work	**(a)**	**18**	**20**
Trade payables			
Payables to suppliers		2,600	3,937
Payables to other telecommunication operators		406	386
	(b)	**3,006**	**4,323**
Tax payables	**(c)**	**686**	**245**
Miscellaneous payables			
Payables for employee compensation		278	197
Payables to social security agencies		386	338
Payables for TLC operating fee		68	15
Dividends approved, but not yet paid to shareholders		10	50
Other		257	300
Employee benefits (except for employee severance indemnities) for the current portion expected to be settled within 12 months		79	242
Provisions for risks and charges for the current portion expected to be settled within 12 months		430	564
	(d)	**1,508**	**1,706**
Other current liabilities			
Liabilities from customer contracts (Contract liabilities)		798	823
Other deferred revenue and income		92	101
	(e)	**890**	**924**
Total	**(a+b+c+d+e)**	**6,108**	**7,218**

Trade payables amounting to 3,006 million euros (4,323 million euros at December 31, 2019), mainly refer to TIM S.p.A. (2,279 million euros) and to the companies of the Brazil Business Unit (361 million euros); as regards TIM S.p.A., the reduction in trade payables reflects the trend in payments of bills payable.

Tax payables amount to 686 million euros and mainly refer to both the tax payables of the Brazil Business Unit (79 million euros) and the payables of TIM S.p.A., mostly related to the VAT payable (542 million euros) as well as the amount owed to the tax authorities for tax payables withheld as withholding agent (36 million euros) and the amount payable for the government concession tax (13 million euros).

Miscellaneous payables include, among others, the current debt position towards INPS in relation to the application of the 2015 and subsequent agreements signed in 2018, 2019 and 2020, relating to Article 4, paragraphs 1-7ter, of Italian Law 92 of June 28, 2012, as described in the Note “Miscellaneous payables and other non- current liabilities”.

Other current liabilities amounted to 890 million euros (924 million euros at December 31, 2019). They break down as follows:

- **Liabilities from customer contracts (Contract liabilities)**, totaling 798 million euros. This item includes liabilities to customers related to the obligations of Group companies to transfer goods and services for which have received a price. Liabilities with customers are shown below, which generally have a maturity within 12 months.

In particular:

- **contract liabilities** amounting to 33 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. The decrease recognized in the period (23 million euros) was mainly linked to the launch 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**, equal to 347 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 91 million euros relating to trade payables following prepayments, such as deposits made by subscribers for telephone calls;

- **deferred revenues from customer contracts**, equal to 327 million euros essentially include:

  - deferred revenues for the Parent rent and maintenance (146 million euros);
  - deferred revenues for the Parent interconnection charges (119 million euros);
  - deferred revenues from subscription fees for other Parent Company services (32 million euros);
  - deferred revenues on activation and installation of new contracts with customers of the Parent (27 million euros).

- **Other deferred revenue and income** amounted to 92 million euros. They mainly refer to deferred revenues from transmission capacity transfer contracts and deferred revenues from real estate leases (lease operating income).

NOTE 23
DISPUTES AND PENDING LEGAL ACTIONS, OTHER INFORMATION, COMMITMENTS AND GUARANTEES

The most significant arbitration cases and legal and fiscal disputes TIM Group companies are involved in as of June 30, 2020, including those closed during the period, are described below.
The TIM Group has posted liabilities totaling 603 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 Interim 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 Art. 15, paragraph 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

No significant events occurred for the following disputes and legal actions compared to what was published in the 2019 Annual Financial Report:

- Administrative offense charge pursuant to Legislative Decree 231/2001 for the so-called TIM Security Affair;
- Italian Competition Authority (AGCM) Case A428;
- Vodafone, Colt Technology Services, COMM 3000, Teleunit, Siportal, MC-Link disputes (connected with the Antitrust Case A428);
- Antitrust Case I761;
- Wind (I761);
- Vodafone (I761);
- Antitrust Case I799;
- Vodafone;
- Eutelia and Voiceplus;
- Vodafone Dispute – Universal Service;
- Dispute on "Adjustments to license fees" for the years 1994-1998;
- Poste;
- Elinet S.p.A. Bankruptcy;
- Brazil – Opportunity Arbitration;

International tax and regulatory disputes

As of June 30, 2020, the companies forming the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 16.2 billion reais (16.2 billion reais at December 31, 2019). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

On March 22, 2011, TIM Celular S.A. (company incorporated into TIM S.A. starting from October 31, 2018) was served notice of a tax assessment issued by the Federal Tax Authorities of Brazil for a total sum of 1,265 million reais as of the date of the notification, including fines and interest, as a result of the completion of a tax investigation concerning financial years 2006, 2007, 2008 and 2009 for the companies TIM Nordeste Telecomunicações S.A. and TIM Nordeste S.A. (formerly Maxitel), companies which have been progressively incorporated into TIM Celular with the aim of rationalizing the corporate structure in Brazil.

The assessment notice includes various adjustments; the main challenges may be summarized as follows:

- non-recognition of the tax effects of the merger of TIM Nordeste Telecomunicações S.A. and Maxitel S.A.;
- non-recognition of the tax-deductibility of the amortization of goodwill relating to the purchase of Tele Nordeste Celular Participações S.A. (“TNC”);
- non-recognition of certain tax offsets;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself.

The adjustments included in the assessment notice were disputed by TIM Celular, in administrative court, with the filing of its first objections on April 20, 2011. On April 20, 2012, TIM Celular received notification of the decision of the administrative court of first instance which confirmed the findings set out in the assessment notice; TIM Celular promptly filed an appeal against this decision on May 21, 2012.

The Company, as confirmed by specific legal opinions, believes it is unlikely that significant disbursements can be expected.

Still in relation to the federal level of taxation, the following additional disputes should also be noted:

- 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 4.3 billion reais (4.3 billion reais at December 31, 2019).

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 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.

In February 2018 the State of São Paulo notified two tax assessments regarding ICMS to TIM Celular, for a total amount of 679 million reais (at the date of the assessment, including fines and interest). The first assessment (344 million reais) regarded a challenge of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States. The second assessment (335 million reais) challenged ICMS credits deriving from the “special credit” recognized by the company to its prepaid customers, against subsequent top-ups.

In June 2018 the State of São Paulo notified two further tax assessments to TIM Celular, again relating to ICMS, for a total amount of 369 million reais (at the date of the assessment, including fines and interest). This assessment too relates to ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers against subsequent top-ups, as well as to the fines imposed for ICMS breaches. For a minor part of the claim, the company decided to authorize payment of the amount requested, instead of starting legal proceedings, benefiting from a discount on the fine. The dispute thus continues for the remaining amount, 296 million reais.

In late March 2020, the State of São Paulo issued a further tax assessment to the Company (TIM S.A., as the incorporating company of TIM Celular), for a total amount of 362 million reais (at the date of the assessment, including fines and interest). The notice is based on two alleged infringements: (i) the contestation of the ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups, for the period April- October 2015; and (ii) the discrepancy between the information submitted with periodic reports and figures on taxes paid (discrepancy due to differences in reporting arrangements).

Overall, the risk for these cases, considered to be possible, amounts to 8.2 billion reais (8.2 billion reais at December 31, 2019).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 0.7 billion reais (around 0.7 billion reais at December 31, 2019).

FUST and FUNTTEL

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

Overall, the risk for these cases, considered to be possible, amounts to 3 billion reais (3 billion reais at December 31, 2019).

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As regards the tax receivables recognized following the positive outcome of tax disputes concerning the inclusion of ICMS in the basis for calculating the PIS/COFINS contribution, refer to the information published in the 2019 Annual Financial Report. Moreover, also during the first half of 2020, TIM S.A. proceeded with the use of registered tax receivables, in accordance with the formal certification procedures provided by the Brazilian tax authorities.

Golden Power Case

In August 2017 the Presidency of the Council of Ministers started formal proceedings against TIM (and also against Vivendi) to ascertain that TIM was indeed obliged to notify Vivendi' s acquisition of corporate control of TIM and its strategic assets, pursuant to the' Golden Power' law. 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 bodies).
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 a financial penalty laid down by the Golden Power law for noncompliance 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, has already filed an 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. In relation to the appeal to the Lazio TAR against the aforementioned provision of May 8, 2018, which imposed the financial penalty, the Court, after granting in July 2018, the application of the Company and thereby suspending payment of the fine, the Regional Administrative Court of Lazio with its provisional ruling of May 2019: rejected the exception of inadmissibility of the appeal on the sanction of 74.3 million euros; suspended the ruling preliminarily as regards the extraordinary appeal concerning the obligation of notification pursuant to the Golden Power rules; further suspended execution of the challenged measure.
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).
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.
On the other hand, the Presidency of the Council of Ministers exercised the special powers prescribed in the Golden Power law through two specific rulings in October and November 2017 with which it imposed specific prescriptions and conditions on TIM S.p.A. and on the companies of the Telecom Italia Sparkle group and Telsy Elettronica e Telecomunicazioni (now Telsy S.p.A.).
The prescriptions, according to the Administrative Authority, are essentially connected to the circumstance that these companies, in part, perform activities that are relevant for national security and as far as TIM is concerned to the circumstance that it also owns the infrastructure and the systems used to provide access to end-users of services covered by the universal service obligation.

Any failure on the part of the recipients of the orders to execute the conditions and prescriptions is penalized in the same way as failure to notify significant acts for the purpose of the application of Golden Power law.
The companies subject to the prescriptions are required to send periodic reports to a special Monitoring Committee established at the office of the Prime Minister in order to verify compliance with the aforementioned prescriptions.
In December 2017 the Group sent to the Presidency of the Council of Ministers the first compliance report outlining all the proposals and activities put in place to carry out the prescriptions. This report is then followed by half yearly reports, as required by current legislation.
Nevertheless, also for this case TIM has already filed two extraordinary appeals to the President of the Republic to request the cancellation (i) of the imposition of the measures pursuant to art. 1 d. L. 21/2012 and (i) the imposition of measures pursuant to art. 1 d. L. 21/2012.
As stated, the premise for exercising special powers was (erroneously, according to the Company) referred to the de facto control resulting from the outcome of the shareholders'meeting of May 4, 2017 and to the direction and coordination of TIM by Vivendi. Both these circumstances no longer apply, as: at the shareholders' meeting of May 4, 2018, the slate presented by the shareholders Elliott international LP, Elliott Associates LP and The Liverpool Limited Partnership received the majority vote; the Board of Directors was re-appointed with 13 independent directors out of a total of 15, with only 5 from the slate presented by Vivendi; thus, Vivendi no longer has direction and coordination, nor is there de facto control.
Consequently, the Company requested the Prime Minister's Office to revoke the two Decrees, stating, in any case that it was willing as an alternative to assist in rewording the requirements applicable to TIM in view of the changed situation.
In a decree of July 6, 2018, the Prime Minister's Office did not consider an additional exercise of special powers, upholding the validity of the two Decrees already issued and rejecting the request to revoke them.
The reason for the above is due to the alleged circumstance that the new governance structures of the Company would be highly variable; this would not allow for the rulings according to which the special powers were exercised to be overruled, save for the need to protect the public interest as regards network security and operation.
The Company has lodged an appeal, with additional reasons and as part of the appeals already lodged, against the Prime Minister's decrees of October 16 and November 2, 2017, and against the Prime Minister's resolution of July 6, 2018, rejecting the appeal for revocation presented by the company, on the outcome of the changed situation in corporate governance. With a non-definitive ruling published in May 2019, the Lazio 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 request to close the case.

Eutelia and Clouditalia Telecomunicazioni

With a writ of summons dated May 2020, Eutelia in Extraordinary Administration and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC branch, brought an action against TIM before the Court of Rome, making claims for damages, of around 40 million euros, for damages allegedly suffered, in the period 2009–2012, following the technical boycott and margin squeeze conduct, subject of the AGCM A428 procedure. TIM will file an appearance, contesting the claims of the other party.

Italian Competition Authority Case A514

In June 2017 the Italian Antitrust Authority (AGCM) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of Art. 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, 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 ultra-broadband fixed network. In particular, the AGCM 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) preemptively securing customers on the retail market for ultra-broadband 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 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 ultra-broadband, 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, the Italian Antitrust 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 for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).
On April 10, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM notified TIM of the results of the investigation (CRI). In the CRI, AGCM essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.
On June 12, 2019 AGCM 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 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 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. TIM appealed the aforementioned fine before the Lazio TAR, contesting both the merits of the accusations and the amount of the imposed fine.
On June 25, 2020 TIM sent the so-called compliance report as ordered in the final provision.

28-day billing

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 on June 18, 2018, the hearing held on July 9, 2020 and a decision on this case was not taken.
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. TIM also appealed this second resolution to the Regional Administrative Court of Lazio, asking for its precautionary suspension which, on February 22, 2018, was accepted by the Regional Administrative Court of Lazio limited to the part relating to the reimbursement orders.
Subsequently, Law no 172 of December 4, 2017 decreed that contracts for the supply of electronic communications services should obligatorily prescribe that the renewal of offers and the billing of services be based on a month, or multiples thereof. TIM adapted to this order within the period of time prescribed by law, namely within 120 days of the date it came into force (April 5, 2018).
In March 2018, with Decision 112/2018/CONS AGCom (i) 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; and (ii) 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. This resolution was also challenged by with an additional submission triggered as part of the appeal against resolution 499/17/CONS, with a request for single precautionary measures, which was provisionally granted until the hearing before the Council on April 11, 2018 with a Presidential Decree published on March 26, 2017.
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. TIM and the other operators affected by the presidential decree waived the precautionary petition against Resolution 112/18/CONS. In May 2018, TIM therefore appealed AGCom Presidential Decree 9/18/PRES and Resolution 187/18/CONS which ratified this decree.
In July 2018, AGCom issued resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators must 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, in keeping with actions taken and arguments made, intends to appeal this resolution.
In September 2018, TIM appealed Resolution 297/18/CONS in which AGCom imposed a fine of 696,000 euros for having continued to adopt - in breach of AGCom Resolution 121/17/CONS - four-weekly billing and renewal of consumer offers as from February 16, 2018 (and until March 31, 2018).
With the judgment published in November 2018, the 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. TIM submitted its preventive appeal before the Council of State to interrupt execution of said decision and, with its ruling of December 20, 2018, the Council of State, in

upholding TIM's appeal, interrupted the effectiveness of the aforesaid decision for the reversal order only, until March 31, 2019.
In November, 2018, AGCom published resolution 521/18/CONS with which it imposed a sanction of 1,044,000 euros on TIM. The sanction was imposed for breach of the transparency rules and rights to withdraw in amending the contractual terms and conditions of the mobile offers applied to customers starting from April 8, 2018 following restoration of monthly billing. TIM appealed this resolution as well to the Regional Administrative Court in January 2019. Following a new application submitted by TIM, the Council of State, with its ruling published on March 20, 2019, extended the precautionary measure to suspend the effectiveness of the decision until May 21, 2019 while awaiting publication of the grounds for the judgment.
Having acknowledged the publication of the grounds of the ruling handed down on May 10, 2019, the Council on May 21, 2019 ordered postponement of discussion of the application for precautionary measures to the Council meeting of July 4, 2019 in order to allow TIM to finalize its additional grounds with a new application for precautionary measures. Following this hearing, the Council of State rejected TIM's application to suspend execution of the ruling of the Regional Administrative Court with its ruling published on July 5, 2019, so it is operational starting from May 21, 2019. The hearing to discuss the introductory appeal and additional grounds submitted by TIM in the meantime is still, as of writing, to be set. On July 12, 2019 the ruling mechanisms with which the Council of State rejected the similar appeals made by Vodafone, Wind Tre and Fastweb were published and in February 2020 the judgments containing the grounds were published.
In September 2019, TIM also challenged resolution 221/19/CONS, before the Regional Administrative Court (TAR), with which the sanction pursuant to Resolution 499/17/CONS, canceled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euros, with the maximum fine provided for by Art. 98, paragraph 16 of the CCE in force at the time of the events applied.
In August 2019, AGCom initiated new proceedings (CONT 12/19/DTC) for failure to comply with the order to refund the days eroded by billing every 28 days for fixed network and convergent customers, according to the procedures established with resolutions nos. 112/18/CONS and 269/18/CONS. On conclusion of these proceedings, by means of Resolution 75/20/CONS, the Authority found that TIM did not comply with the above resolutions, imposing a fine of 3 million euros. The measure was challenged by TIM before the TAR in July 2020.
In June 2019, TIM had in any case decided to offer its fixed network customers, active prior to the March 31, 2018 and subjected to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS. Subsequently, from September 2019, TIM decided to also accept requests for the refund of the eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

Antitrust Case I820

On February 19, 2018, AGCM 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, would take the form of implementation of the obligation introduced by Art. 19-quinquiesdecies of Decree Law 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 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 confirmed the precautionary measure.
On June 12, 2018, TIM filed an appeal with the TAR for the quashing of said measure.
In its session on June 27, 2018, AGCM took note of the brief submitted by TIM regarding compliance with the precautionary measure.
On July 17, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until January 31, 2020.
In the findings of the preliminary inquiry (CRI) communicated by AGCM to TIM, the Offices confirm the existence of a unique, complex and continuous agreement restricting competition between Telecom, Vodafone, Fastweb, Wind Tre, with the facilitation of the Asstel category association.
On October 10, TIM filed its final brief, and the final hearing was held on October 15 at AGCM.
On January 31, 2020, TIM was notified of the decision to close the investigation, in which AGCM confirmed the existence of the agreement between Telecom, Vodafone, Fastweb, WindTre, 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. TIM contested the sanction without requesting a suspension on the grounds that the deadline for payment was extended by the Authority to October 1, 2020.

Wind Tre

With writ of summons before the Milan Court, served in April 2019, Wind Tre S.p.A. filed a damages claim against TIM for approximately 255 million euros in compensation for damages arising from alleged anticompetitive conduct in the years 2014–2018. More specifically, according to Wind Tre, TIM allegedly illegally used information gained when supplying provisioning and wholesale services assurance through its sales division to convince customers to return to TIM or to activate the new user with TIM; carried out commercial promotion activity for TIM through its technical personnel when repairing failures or activating Wind Tre users; behaved unfairly in order to get Wind Tre customers to switch over to TIM. To support its arguments, Wind Tre also pleads some elements that emerged during the investigation for the AGCM A514 case. TIM has filed an appearance, fully contesting the claims of the other party and making a counterclaim, based on facts similar to those put forward by the plaintiff, reserving the right to quantify the damages suffered. In its initial pleadings, Wind Tre extended its claims to June 2019 and quantified the damages claimed at approximately 346 million euros. TIM has made its counterclaim for around 20 million euros for damage to its commercial image, as well as damage due to loss of customers, to be quantified in the course of the proceedings, possibly on an "ex aequo et bono" basis.

Antitrust Proceedings PS11379 – mobile winback actions

Started on February 26, 2019 on the report of Iliad, the proceedings concern the alleged misconduct of mobile winback actions. The challenged aspects concern deceptive communication given to the target of reference and the aggressiveness of the conduct, since in the opinion of the AGCM Authority there would be pre-activated services in the offers made to customers. TIM believes that the commercial proposition of its mobile offers is fair, but to ensure ever-increasing transparency for its customers, during the course of the proceedings TIM gave commitments mainly aimed at improving the information relating to the components of the offer subject of the dispute. In spite of rejection of the commitments, TIM commenced the implementation of the proposed remedies as proof of good faith and of its fair conduct. Proceedings have also been started against the other major operators. The proceedings were concluded on December 20, 2019 with assessment of the unfairness of the conduct challenged, ordering TIM to pay to 4.8 million euros (Vodafone ordered to pay 6 million euros and Wind Tre 4.3 million euros). TIM appealed the measure to the TAR asking for its cancellation and alternatively the reduction of the fine.

Antitrust proceedings PS11532 – “TIM in Nave”

Launched on December 4, 2019 prompted by complaints filed by several consumers, the proceedings, for the “TIM in Nave” service with the challenge of Deceptiveness on customer information profiles and aggressiveness profiles. “TIM in Nave” is not an ancillary service, but, in full compliance with the sector regulations, a type of roaming tariff which is activated when the customer is under the maritime coverage network. Significant commitments were made to improve information, making the consumer fully aware of how “TIM in Nave” works. Proceedings ended on July 28, 2020 with the imposition of a fine equal to 1.8 million euros. Similar proceedings are also in progress against the other major operators.

Antitrust Case IP 327 – IBAN discrimination

Officially started on December 23, 2019 by the Authority, the proceedings concern the alleged non-compliance with the provisions of PV4 on IBAN Discrimination, dated April 2019. In particular, AGCM disputed that the direct debit process on the web channel is not yet automated and therefore the customer is not autonomous in managing this activity. TIM has eliminated all forms of discrimination between Italian banks and SEPA area banks with the complete automation of the web domiciliation process. Proceedings ended on July 3, 2020 with the imposition of a fine equal to 500,000 euros. Similar proceedings also ended against the other major operators.

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 will file an appearance, contesting the arguments of.
TIM challenged the A514 fine measure before the Lazio TAR, which was widely referred to by the counterparty in the writ of summons.

Iliad

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 will defend itself in full against the claims.

B) OTHER INFORMATION

Of the disputes with the aforementioned characteristics, no significant facts have emerged for those listed below with respect to the information published in the 2019 annual financial report:

- Mobile telephony – criminal proceedings;
- Dispute concerning the license fees for 1998;
- Vodafone (previously TELETU).

C) COMMITMENTS AND GUARANTEES

Guarantees, net of back-to-back guarantees received, amounted to 53 million euros.

The guarantees provided by third parties to Group companies, amounting to 5,547 million euros, refer to guarantee financing from banks and other financial institutions consisting of guarantees for loans received (139 million euros) and of performance guarantees under outstanding contracts (5,408 million euros).

In particular, we report:

- The TIM Group issued six guarantees to the Ministry of Economic Development for a total of 1,922 million euros for the deferment of the payment of the amount due for the acquisition of the user rights to frequencies in the 694-790 MHz, 3600-3800 MHz and 26.5-27.5 GHz bands, which will be reserved for 5G mobile telecommunications services. At June 30, 2020, the remaining guarantee was 1,908 million euros;
- the insurance guarantees, which totaled 716 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 has reversed guarantees in favor of INPS in support of the application – by TIM and some Group companies – of Art. 4 of Italian Law 92 of June 28, 2012, for the voluntary redundancy of employees meeting the requirements; the total amount of the guarantees issued is 818 million euros, of which 766 million euros for TIM and 52 million euros for Group companies.

Furthermore, In May 2018, as mentioned above, TIM issued a surety to the Prime Minister's Office for 74.3 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 Art. 2 of Decree Law 21 of March 15, 2012 (the "Golden Power rule").

Main guarantees for loans at June 30, 2020

Issuer

(millions of euros)	Amount (1)
Intesa Sanpaolo	115

(1) The amounts in the table refer to loans granted by the EIB for TI Broadband Digital Divide Projects.

It is specified that: the guarantee at 115 million euros of Intesa Sanpaolo relating to the loan granted by the EIB for the TI Broadband Digital Divide/C, repaid on maturity for 100 million euros, will remain valid for 6 months after the repayment as provided in the agreement to protect against clawback risk (November 29, 2020).

There are also surety bonds on the telecommunication services in Brazil for 85 million euros.

D) ASSETS PLEDGED TO GUARANTEE FINANCIAL LIABILITIES

With reference to the subsidized loan contracts granted by the Brazilian Development Bank BNDES (Banco Nacional de Desenvolvimento Econômico e Social) to Tim Celular, now merged into TIM S.A. and for which specific covenants had been issued, it should be noted that these loans were fully repaid during the first half of 2020.

NOTE 24
REVENUES

This item decreased by 1,235 million euros compared to the first half of 2019. The breakdown is as follows:

(millions of euros)	1st Half 2020	1st Half 2019
Equipment sales	546	724
Services	7,224	8,243
Miscellaneous (Contract works)	(11)	27
Total	**7,759**	**8,994**

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 561 million euros (603 million euros in the first half of 2019), included in Costs of services.

For a breakdown of revenues by operating segment/geographical area, reference should be made to the Note "Segment Reporting".

NOTE 25
OTHER INCOME (EXPENSES) FROM INVESTMENTS

Details are as follows:

(millions of euros)	1st Half 2020	1st Half 2019
Dividends from Other investments	–	–
Net gains on the sale of investments in associates and joint ventures accounted for using the equity method	448	2
Total	**448**	**2**

"Net gains on the sale of investments in associates and joint ventures accounted for using the equity method" include:

- 441 million euros relative to the net capital gain recognized following the dilution of the TIM Group investment in INWIT S.p.A. capital from 60% to 37.5%, following the merger of INWIT with Vodafone Towers;
- 7 million euros, related to the capital gain linked to the transfer on April 23, 2020, of a package of shares equal to 4.3% of the share capital of INWIT, were sold in an accelerated book-building procedure reserved for institutional investors.

For further details, see the note "Investments".

NOTE 26
FINANCE INCOME AND EXPENSES

Finance income (expenses) showed a net expense of 603 million euros (expense of 754 million euros in the first half of 2019) and comprises:

(millions of euros)	1st Half 2020	1st Half 2019
Finance income	501	580
Finance expenses	(1,104)	(1,334)
Net finance income/(expenses)	**(603)**	**(754)**

The items break down as follows:

(millions of euros)		1st Half 2020	1st Half 2019
Interest expenses and other finance expenses:			
Interest expenses and other costs relating to bonds		(447)	(493)
Interest expenses to banks		(36)	(35)
Interest expenses to others		(8)	(21)
Interest expenses on financial lease liabilities		(150)	(185)
		(641)	**(734)**
Commissions		(41)	(35)
Miscellaneous finance expenses		(44)	(95)
		(85)	**(130)**
Interest income and other finance income:			
Interest income		37	34
Income from financial receivables, 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		6	12
Miscellaneous finance income		10	11
		53	**57**
Total net finance interest/(expenses)	**(a)**	**(673)**	**(807)**
Other components of financial income and expense:			
Net exchange gains and losses		(80)	6
Net result from derivatives		60	63
Net fair value adjustments to fair value hedge derivatives and underlyings		2	6
Net fair value adjustments to non-hedging derivatives		88	(22)
Total other components of financial income and expense	**(b)**	**70**	**53**
Total net financial income (expenses)	**(a+b)**	**(603)**	**(754)**

For greater clarity of presentation, the net effects relating to derivative financial instruments are summarized in the following table:

(millions of euros)		1st Half 2020	1st Half 2019
Exchange gains		49	72
Exchange losses		(129)	(66)
Net exchange gains and losses		**(80)**	**6**
Income from fair value hedge derivatives		20	21
Charges from fair value hedge derivatives		–	–
Net result from fair value hedge derivatives	(a)	**20**	**21**
Positive effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		201	259
Negative effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		(159)	(216)
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	(b)	**42**	**43**
Income from non-hedging derivatives		3	2
Charges from non-hedging derivatives		(5)	(3)
Net result from non-hedging derivatives	(c)	**(2)**	**(1)**
Net result from derivatives	**(a+b+c)**	**60**	**63**
Positive fair value adjustments to fair value hedge derivatives		41	130
Negative fair value adjustments to Underlying financial assets and liabilities of fair value hedge derivatives		(40)	(124)
Net fair value adjustments	**(d)**	**1**	**6**
Positive fair value adjustments to Underlying financial assets and liabilities of fair value hedge derivatives		2	–
Negative fair value adjustments to fair value hedge derivatives		(1)	–
Net fair value adjustments	(e)	**1**	**–**
Net fair value adjustments to fair value hedge derivatives and underlyings	**(d+e)**	**2**	**6**
Positive fair value to non-hedging derivatives	(f)	132	39
Negative fair value adjustments to non-hedging derivatives	(g)	(44)	(61)
Net fair value adjustments to non-hedging derivatives	**(f+g)**	**88**	**(22)**

NOTE 27
PROFIT (LOSS) FOR PERIOD

Profit for the period fell compared to the first half of 2019, by 17 million euros and was broken down as follows:

(millions of euros)	1st Half 2020	1st Half 2019
Profit (loss) for the period	**723**	**740**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	678	551
Profit (loss) from Discontinued operations/Non-current assets held for sale	–	–
Profit (loss) for the period attributable to Owners of the Parent	**678**	**551**
Non-controlling interests:		
Profit (loss) from continuing operations	45	189
Profit (loss) from Discontinued operations/Non-current assets held for sale	–	–
Profit (loss) for the period attributable to Non-controlling interests	**45**	**189**

NOTE 28
EARNINGS PER SHARE

		1st Half 2020	1st Half 2019
Basic earnings per share			
Profit (loss) for the period attributable to owners of the Parent		678	551
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		(66)	(66)
	(millions of euros)	612	485
Average number of ordinary and savings shares	(millions)	21,068	21,067
Basic earnings per share – Ordinary shares	(euros)	0.03	0.02
Plus: additional dividends per savings share		0.01	0.01
Basic earnings per share – Savings shares	(euros)	0.04	0.03
Basic earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		678	551
Less: additional dividends for the savings shares		(66)	(66)
	(millions of euros)	612	485
Average number of ordinary and savings shares	(millions)	21,068	21,067
Basic earnings per share from continuing operations – Ordinary shares	(euros)	0.03	0.02
Plus: additional dividends per savings share		0.01	0.01
Basic earnings per share from continuing operations – Savings shares	(euros)	0.04	0.03
Basic earnings per share from Discontinued operations/Non-current assets held for sale			
Profit (loss) from Discontinued operations/Non-current assets held for sale	(millions of euros)	–	–
Average number of ordinary and savings shares	(millions)	21,068	21,067
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)	–	–

	1st Half 2020	1st Half 2019
Average number of ordinary shares	15,040,614,348	15,039,368,195
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**21,068,406,047**	**21,067,159,894**

		1st Half 2020	1st Half 2019
Diluted earnings per share			
Profit (loss) for the period attributable to owners of the Parent		678	551
Dilution effect of stock option plans and convertible bonds (*)		21	20
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		(66)	(66)
	(millions of euros)	633	505
Average number of ordinary and savings shares	(millions)	22,153	22,167
Diluted earnings per share – Ordinary shares	(euros)	0.03	0.02
Plus: additional dividends per savings share		0.01	0.01
Diluted earnings per share – Savings shares	(euros)	0.04	0.03
Diluted earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		678	551
Dilution effect of stock option plans and convertible bonds (*)		21	20
Less: additional dividends for the savings shares		(66)	(66)
	(millions of euros)	633	505
Average number of ordinary and savings shares	(millions)	22,153	22,167
Diluted earnings per share from continuing operations – Ordinary shares	(euros)	0.03	0.02
Plus: additional dividends per savings share		0.01	0.01
Diluted earnings per share from continuing operations – Savings shares	(euros)	0.04	0.03
Diluted earnings per share from Discontinued operations/Non-current assets held for sale			
Profit (loss) from Discontinued operations/Non-current assets held for sale	(millions of euros)	–	–
Dilution effect of stock option plans and convertible bonds		–	–
Average number of ordinary and savings shares	(millions)	22,153	22,167
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)	–	–

	1st Half 2020	1st Half 2019
Average number of ordinary shares (*)	16,125,592,039	16,139,213,020
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**22,153,383,738**	**22,167,004,719**

(*) 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 to the theoretical number of shares that are issuable as a result of the conversion of the unsecured equity-linked convertible bond. Consequently, the "Net profit (loss) for the period attributable to Owners of the Parent and the "Profit (loss) from continuing operations attributable to Owners of the Parent" were also adjusted to exclude the effects, net of tax, related to the above-mentioned plans and to the convertible bond (+21 million euros in the first half of 2020; +20 million euros in the first half of 2019).

FUTURE POTENTIAL CHANGES IN SHARE CAPITAL

The table below shows future potential changes in share capital, based on the issuance of the convertible bond by TIM S.p.A. in March 2015, the authorizations to increase the share capital in place at June 30, 2020 in the 2020 Broad-Based Share Ownership Plan and plans for long-term share incentives, still outstanding at June 30, 2020:

	Number of maximum shares issuable	**Share capital** (thousands of euros)	**Share premium** (thousands of euros)	**Subscription price per share** (euros)
Capital increases already approved (ordinary shares)				
2020 Broad-Based Share Ownership Plan (*)				
- issue against payment	127,500,000		39,525	0.31(1)
- free issue	42,500,000			
2020–2022 Long Term Incentive Plan (free issue)	180,000,000			
Stock Options	**350,000,000**		**39,525**	
2015 Convertible Bond (ordinary shares) (**)	1,112,718,371	2,000,000	n/a	n/a
Convertible bonds	**1,112,718,371**	**2,000,000**		
Total	**1,462,718,371**	**2,000,000**	**39,525**	

(*) Maximum potential numbers
(**) The number of shares that can potentially be issued is stated without adjustments.
(1) The subscription price for shares in the Offer was determined as the mean average of the official prices of the ordinary TIM shares between May 17, 2020 and June 15, 2020 (inclusive) on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation, discounted by 10%, refer to as the divisor, cut off at the second decimal (i.e. euro cent).

Further information is provided in the Notes “Financial liabilities (non-current and current)” and “Equity compensation plans”.

NOTE 29
SEGMENT REPORTING

A) SEGMENT REPORTING

The operating segments of the TIM Group, organised for the telecommunications business and the relative geographical location are as follows:

- **Domestic**: includes operations in Italy for voice and data services on fixed and mobile networks for end customers (retail) and other operators (wholesale), the operations of the Telecom Italia Sparkle group, which, at international level (Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of Olivetti (products and services for Information Technology), and, up to March 31, 2020, INWIT S.p.A. (a company operating in the electronic communications infrastructure sector, and in particular the infrastructure for hosting radio transmission equipment for mobile telephone networks, both for TIM and other operators) and the units supporting the Domestic sector.
- **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 taxes for the period, as well as gains (losses) from Discontinued operations / Non-current assets held for sale are presented at a consolidated level.

Separate Consolidated Income Statements by Operating Segment

(millions of euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019
Third-party revenues	6,243	7,049	1,516	1,945	–	–	–	–	7,759	8,994
Intragroup revenues	16	20	1	1	–	–	(17)	(21)	–	–
Revenues by operating segment	**6,259**	**7,069**	**1,517**	**1,946**	**–**	**–**	**(17)**	**(21)**	**7,759**	**8,994**
Other income	85	95	6	671	–	–	(1)	–	90	766
Total operating revenues and other income	**6,344**	**7,164**	**1,523**	**2,617**	**–**	**–**	**(18)**	**(21)**	**7,849**	**9,760**
Acquisition of goods and services	(2,315)	(2,454)	(538)	(759)	(2)	(2)	15	17	(2,840)	(3,198)
Employee benefits expenses	(1,244)	(1,332)	(127)	(170)	(1)	(1)	–	1	(1,372)	(1,502)
of which: accruals to employee severance indemnities	–	–	–	–	–	–	–	–	–	–
Other operating expenses	(318)	(593)	(182)	(276)	(2)	(2)	–	–	(502)	(871)
of which: write-downs and expenses in connection with credit management and provision charges	(214)	(453)	(86)	(131)	–	–	1	–	(299)	(584)
Change in inventories	5	(80)	–	7	–	–	1	(1)	6	(74)
Internally generated assets	212	224	42	48	–	–	3	4	257	276
EBITDA	**2,684**	**2,929**	**718**	**1,467**	**(5)**	**(5)**	**1**	**–**	**3,398**	**4,391**
Depreciation and amortization	(1,839)	(1,887)	(510)	(610)	–	–	1	1	(2,348)	(2,496)
Gains (losses) on disposals of non-current assets	(12)	(13)	4	5	–	–	–	–	(8)	(8)
Impairment reversals (losses) on non-current assets	–	–	–	–	–	–	–	–	–	–
EBIT	**833**	**1,029**	**212**	**862**	**(5)**	**(5)**	**2**	**1**	**1,042**	**1,887**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	2	(4)	–	–	–	–	–	1	2	(3)
Other income (expenses) from investments									448	2
Finance income									501	580
Finance expenses									(1,104)	(1,334)
Profit (loss) before tax from continuing operations									**889**	**1,132**
Income tax expense									(166)	(392)
Profit (loss) from continuing operations									**723**	**740**
Profit (loss) from Discontinued operations/Non-current assets held for sale									–	–
Profit (loss) for the period									**723**	**740**
Attributable to:										
Owners of the Parent									**678**	**551**
Non-controlling interests									45	189

Revenues by operating segment

(millions of euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019
Revenues from equipment sales – third party	512	640	34	84	–		–	–	546	724
Revenues from equipment sales – intragroup	–	–	–	–	–	–	–	–	–	–
Total revenues from equipment sales	**512**	**640**	**34**	**84**	**–**	**–**	**–**	**–**	**546**	**724**
Revenues from services – third party	5,742	6,382	1,482	1,861	–	–	–	–	7,224	8,243
Revenues from services – intragroup	16	20	1	1	–	–	(17)	(21)	–	–
Total revenues from services	**5,758**	**6,402**	**1,483**	**1,862**	**–**	**–**	**(17)**	**(21)**	**7,224**	**8,243**
Miscellaneous (Contract works) – third party	(11)	27	–	–	–	–	–	–	(11)	27
Miscellaneous (Contract works) - intragroup	–	–	–	–	–	–	–	–	–	–
Total other (work on orders)	**(11)**	**27**	**–**	**–**	**–**	**–**	**–**	**–**	**(11)**	**27**
Total third-party revenues	6,243	7,049	1,516	1,945	–	–	–	–	7,759	8,994
Total intragroup revenues	16	20	1	1	–	–	(17)	(21)	–	–
Total revenues by operating segment	**6,259**	**7,069**	**1,517**	**1,946**	**–**	**–**	**(17)**	**(21)**	**7,759**	**8,994**

Purchases of intangible assets, tangible assets and rights of use assets by operating segment

(millions of euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019
Purchase of intangible assets	374	303	100	73	–	–	–	–	474	376
Purchase of tangible assets	580	785	191	294	–	–	–	–	771	1,079
Purchase of rights of use assets	552	146	94	172	–	–	–		646	318
Total purchase of intangible assets, tangible assets and rights of use assets	**1,506**	**1,234**	**385**	**539**	**–**	**–**	**–**	**–**	**1,891**	**1,773**
of which: capital expenditures	*963*	*1,114*	*291*	*367*	*–*	*–*	*–*	*–*	*1,254*	*1,481*
of which: increases in lease/leasing contracts for right-of-use assets	*543*	*120*	*94*	*172*	*–*	*–*	*–*	*–*	*637*	*292*

Headcount by Operating Segment

(number)	Domestic		Brazil		Other Operations		Consolidated Total	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Headcount	**45,473**	**45,496**	**9,596**	**9,689**	**14**	**13**	**55,083**	**55,198**

Assets and liabilities by Operating Segment

(millions of euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Non-current operating assets	44,642	45,342	5,412	7,498	1	1	(1)	(1)	50,054	52,840
Current operating assets	4,119	3,964	795	1,166	19	6	(45)	(19)	4,888	5,117
Total operating assets	48,761	49,306	6,207	8,664	20	7	(46)	(20)	54,942	57,957
Investments accounted for using the equity method	2,976	11	–	–	–	–	–	–	2,976	11
Discontinued operations /Non-current assets held for sale									24	4,647
Unallocated assets									8,615	7,489
Total Assets									**66,557**	**70,104**
Total operating liabilities	10,198	10,645	944	1,739	30	38	(46)	(96)	11,126	12,326
Liabilities directly associated with Discontinued operations/Non-current assets held for sale									–	805
Unallocated liabilities									34,037	34,347
Equity									21,394	22,626
Total Equity and Liabilities									**66,557**	**70,104**

B) REPORTING BY GEOGRAPHICAL AREA

(millions of euros)		Revenues				Non-current operating assets	
		Breakdown by location of operations		Breakdown by location of customers		Breakdown by location of operations	
		1st Half 2020	1st Half 2019	1st Half 2020	1st Half 2019	6/30/2020	12/31/2019
Italy	(a)	6,136	6,943	5,869	6,626	44,382	45,066
Outside Italy	(b)	1,623	2,051	1,890	2,368	5,672	7,774
Total	**(a+b)**	**7,759**	**8,994**	**7,759**	**8,994**	**50,054**	**52,840**

C) INFORMATION ON MAIN CUSTOMERS

None of the TIM Group's customers exceeds 10% of consolidated revenues.

NOTE 30
RELATED PARTY TRANSACTIONS

The following tables show the figures relating to related party transactions and the impact of those amounts on the separate consolidated income statements consolidated statement of financial position and consolidated statement of cash flows.

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 www.gruppotim.it, under the Group section/Governance System channel.

The effects of related party transactions on the Group separate consolidated income statement line items for the first half of 2020 and 2019 are as follows:

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS FOR THE FIRST HALF OF 2020

(millions of euros)	Total	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties	% of financial statement item
	(a)					(b)	(b/a)
Revenues	7,759	24	1			25	0.3
Acquisition of goods and services	2,840	121	53			174	6.1
Employee benefits expenses	1,372			38	9	47	3.4
Finance expenses	1,104	2				2	0.2

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS FOR THE FIRST HALF OF 2019

(millions of euros)	Total	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties	% of financial statement item
	(a)					(b)	(b/a)
Revenues	8,994	1				1	0.0
Acquisition of goods and services	3,198	3	76			79	2.5
Employee benefits expenses	1,502			38	11	49	3.3
Finance income	580						
Finance expenses	1,334						

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

The effects of related party transactions on the Group separate consolidated statement of financial position line items at June 30, 2020 and 31 December, 2019, are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 6/30/2020

(millions of 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 liabilities for financing contracts and others	**24,984**	336			**336**	1.3
Non-current financial liabilities for lease contracts	**4,203**		1		**1**	0.0
Current financial liabilities for financing contracts and others	**3,685**	54			**54**	1.5
Total net financial debt	**25,954**	**390**	**1**		**391**	**1.5**
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**4,639**	104	10		**114**	2.5
Miscellaneous payables and other non-current liabilities	**3,363**	3	1		**4**	0.1
Trade and miscellaneous payables and other current liabilities	**6,108**	62	29	25	**116**	1.9

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12/31/2019

(millions of 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 liabilities for lease contracts	**4,576**		1		**1**	0.0
Total net financial debt	**28,246**		1		**1**	0.0
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**4,857**	2	6		**8**	0.2
Miscellaneous payables and other non-current liabilities	**3,214**		1		**1**	0.0
Trade and miscellaneous payables and other current liabilities	**7,218**	4	34	23	**61**	0.8

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

The effects of related party transactions on the line items of the Group consolidated statement of cash flow for the first half of 2020 and 2019 are as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS FIRST HALF 2020

(millions of 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)
Purchases of intangible assets, tangible assets and right of use assets on an accrual basis	1,891	1			1	0.1

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS FIRST HALF 2019

(millions of 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)
Purchases of intangible assets, tangible assets and right of use assets on an accrual basis	1,773					

(*) Vivendi group and Companies belonging to the group that it belongs to; other related parties through directors, statutory auditors and key managers.

TRANSACTIONS WITH ASSOCIATES, SUBSIDIARIES OF ASSOCIATES AND JOINT VENTURES

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(millions of euros)	1st half 2020	1st half 2019	TYPE OF CONTRACT
Revenues			
INWIT S.p.A.	23		Services of voice, data transmission, Desktop Management ICT, Easy IP ADSL, small cell design and creation, cession in IRU mode for dark fiber optics local infrastructure, property rents, site maintenance and electricity supply.
Other minor companies	1	1	
Total revenues	**24**	**1**	
Acquisition of goods and services			
INWIT S.p.A.	117		Supply of services for BTS sites, such as the provision of passive infrastructure and power supply systems, monitoring and security services (alarms), management and maintenance services
W.A.Y. S.r.l.	3	2	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, developments of the CCS software platform dedicated to TIM's Company Car Sharing service.
Other minor companies	1	1	
Total acquisition of goods and services	**121**	**3**	
Finance expenses	**2**		Finance expenses for interest related to financial liabilities for rights of use granted to INWIT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LINE ITEMS

(millions of euros)	6/30/2020	12/31/2019	TYPE OF CONTRACT
Net financial debt			
Non-current financial liabilities	**336**		Non-current financial liabilities related to the recognition of rights of use for lease liabilities with INWIT S.p.A
Current financial liabilities	**54**		Current financial liabilities due the following year, related to the recognition of rights of use for lease liabilities with INWIT S.p.A..
Other statement of financial position line items			
INWIT S.p.A.	102		Voice and data transmission services for company use, Microsoft licenses, supply of apparatus, evolved hosting, Desktop Management ICT services, Vai services and SAP maintenance, email assistance, IoT platform implementation and management, SAG security services for the judicial authorities, IRU transfer of Dark Optic Fiber and Local Infrastructure, Easy IP ADSL service, small cell design and construction services, property leasing, administrative outsourcing and dividends to collect.
W.A.Y. S.r.l.	2	2	Deferred costs for supply of customized platforms, application offers and fixed and mobile voice services.
Total trade and miscellaneous payables and other current liabilities	**104**	**2**	
Miscellaneous payables and other non-current liabilities	**3**		Deferred contractual revenues from INWIT S.p.A.
Trade and miscellaneous payables and other current liabilities			
INWIT S.p.A.	60		Supply of services for BTS sites, monitoring and security services, management and maintenance services.
Movenda S.p.A.		1	Supply and certification of SIM-cards, software systems.
W.A.Y. S.r.l.	1	2	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, developments of the CCS software platform dedicated to TIM's Company Car Sharing service.
Other minor companies	1	1	
Total trade and miscellaneous payables and other current liabilities	**62**	**4**	

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS

(millions of euros)	1st Half 2020	1st Half 2019	TYPE OF CONTRACT
Purchases of intangible assets, tangible assets and right of use assets on an accrual basis	**1**		To minor companies

At June 30, 2020, TIM S.p.A. had issued guarantees in favor of the joint venture Alfiere S.p.A. for 14 million euros.

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 (as a result of the resolutions of the Board of Directors of TIM S.p.A. of May 3 and June 1, 2017);
- Related companies through Directors appointed on May 4, 2018;
- Related companies through Directors whose term of office ended on May 4, 2018.

The most significant amounts are summarized as follows:

(millions of euros)	1st half 2020	1st half 2019	TYPE OF CONTRACT
Revenues	**1**		Circuit rental services and feasibility study for routing and submarine cable interface solutions in America.
Havas Group	51	73	Purchase of media space on behalf of the TIM Group and, to a lesser extent, development and delivery of advertising campaigns.
Vivendi group	2	3	Purchase of musical and television digital content (TIMmusic and TIMvision) and supply of D&P cloud-based games (TIMgames).
Total acquisition of goods and services	**53**	**76**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(millions of euros)	6/30/2020	12/31/2019	TYPE OF CONTRACT
Net financial debt			
Non-current financial liabilities	**1**	**1**	The liability arising from recognition of the right-of-use assets for leases as a result of the application of IFRS 16 with Other Directors or performed through.

(millions of euros)	6/30/2020	12/31/2019	TYPE OF CONTRACT
Other statement of financial position line items			
Trade and miscellaneous receivables			
Other Directors or through	1	1	Fixed-line and mobile voice services and devices.
Havas Group	8	4	Prepaid expenses related to costs for advertising services.
Vivendi group	1		TV series rights.
Total trade and miscellaneous payables and other current liabilities	**10**	**6**	
Miscellaneous payables and other non-current liabilities	**1**	**1**	Deferred income for IRU sale to the Vivendi group.
Trade and miscellaneous payables and other current liabilities			
Other Directors or through	1		Amounts recognized for telephone services to be paid back and other minor items.
Havas Group	26	33	Purchase of media space on behalf of the TIM Group and, to a lesser extent, development and delivery of advertising campaigns.
Vivendi group	2	1	Purchase of musical and television digital content (TIMmusic and TIMvision) and supply of D&P cloud-based games (TIMgames).
Total trade and miscellaneous payables and other current liabilities	**29**	**34**	

TRANSACTIONS WITH PENSION FUNDS

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(millions of euros)	1st Half 2020	1st Half 2019	TYPE OF CONTRACT
Employee benefits expenses			Contributions to pension funds.
Fontedir	5	3	
Telemaco	31	33	
Other pension funds	2	2	
Total employee benefits expenses	**38**	**38**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(millions of euros)	6/30/2020	12/31/2019	TYPE OF CONTRACT
Trade and miscellaneous payables and other current liabilities			Payables for contributions to pension funds.
Fontedir	3	3	
Telemaco	21	20	
Total trade and miscellaneous payables and other current liabilities	**25**	**23**	

REMUNERATION TO KEY MANAGERS

In the first half of 2020, the total remuneration recorded on an accrual basis by TIM or by companies controlled by the Group in respect of key managers amounted to 9.3 million euros (10.5 million euros in the first half of 2019). The figure breaks down as follows:

(millions of euros)	1st half 2020	1st half 2019
Short-term remuneration	5.8	4.9
Long-term remuneration		0.2
Employment termination benefit incentives	2.3	4.0
Share-based payments (*)	1.2	1.4
	9.3	**10.5**

(*) These refer to the fair value of the rights, accrued at June 30, under the share-based incentive plans of TIM S.p.A. and its subsidiaries (Long Term Incentive 2018 and Plans of the subsidiaries).

Short-term remuneration is paid during the period it pertains to, and, at the latest, within the six months following the end of that period.
In the first half of 2020, contributions paid in to defined contribution plans (Assida and Fontedir) by TIM S.p.A. or by subsidiaries of the Group on behalf of key managers amounted to 70,000 euros (68,000 euros in the first six months of 2019).

In the first half of 2020, “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:		
Luigi Gubitosi		Managing Director and Chief Executive Officer of TIM S.p.A.
		General Manager of TIM S.p.A.
Managers:		
Pietro Labriola		Diretor Presidente Tim Participações S.A.
Lorenzo Forina	(1)	Chief Revenue Officer
Federico Rigoni	(2)	Chief Revenue Officer
Michele Gamberini		Chief Technology & Information Office
Stefano Grassi		Head of Security
Luciano Sale		Head of Human Resources, Organization & Real Estate
Giovanni Gionata Massimiliano Moglia		Chief Regulatory Affairs & Wholesale Market Officer
Carlo Nardello		Chief Strategy, Customer Experience & Transformation Officer
Agostino Nuzzolo		Head of Legal and Tax
Giovanni Ronca		Chief Financial Officer
Elisabetta Romano		Chief Innovation & Partnership Officer
Federico Rigoni	(1)	Head of Procurement
Nicola Grassi	(3)	Head of Procurement
Stefano Siragusa		Chief Operations Officer

(1) to February 4, 2020;
(2) from February 5, 2020;
(3) to March 16, 2020.

NOTE 31
EQUITY COMPENSATION PLANS

Equity compensation plans in force at June 30, 2020, 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 June 30, 2020.

DESCRIPTION OF STOCK OPTION PLANS

With regard to the 2014-2016 Stock Option Plan of TIM S.p.A., already in place at December 31, 2019, the exercise period ended on March 24, 2020 and all assigned, but not exercised, options lapsed.

Tim Participações S.A. Stock Option Plan

On April 10, 2014, the General Meeting of Shareholders of Tim Participações S.A. approved the long-term incentive plan for managers in key positions in the company and its subsidiaries. Exercise of the options is not subject to the achievement of specific performance targets, but the exercise price is adjusted upwards or downwards according to the performance of the Tim Participações S.A. shares in a ranking of Total Shareholder Return, in which companies in the Telecommunications, Information Technology and Media industry are compared during each year of validity of the plan.
The vesting period is 3 years (a third per year), the options are valid for 6 years, and the company does not have the legal obligation to repurchase or liquidate the options in cash, or in any other form.

- **Year 2014**
  On September 29, 2014, the grantees of the options were granted the right to purchase a total of 1,687,686 shares. At June 30, 2020, 100% of the options were considered as vested. Of the total options granted, 1,249,465 were cancelled by participants leaving the company. Of the remaining balance of 438,221 options, 129,643 options had been exercised and 308,578 could still be exercised.
- **Year 2015**
  On October 16, 2015, the grantees of the options were granted the right to purchase a total of 3,355,229 shares. At June 30, 2020, 100% of the options were considered as vested. Of the total options granted, 1,646,080 were canceled by participants leaving the company. Of the remaining balance of 1,709,149 options, 1,687,378 options had been exercised and 21,771 could still be exercised.
- **Year 2016**
  On November 8, 2016, the grantees of the options were granted the right to purchase a total of 3,922,204 shares.
  At June 30, 2020, 100% of the options were considered as vested. Of the total options granted, 1,727,423 were canceled by participants leaving the company. Of the remaining balance of 2,194,781 options, 1,899,718 options had been exercised and 295,063 could still be exercised.

DESCRIPTION OF OTHER COMPENSATION PLANS

TIM S.p.A. – Special Award 2016 – 2019

As required by the Regulations, following the approval of the Financial Statements for 2019, the premiums accrued under the Plan were liquidated. Therefore, in April 2020, a cash bonus of a total of 486,000 euros (20% of the accrued bonus) was paid to the recipients and a total of 2,492,305 ordinary shares (80% of the accrued premium) was assigned.

TIM S.p.A. – Long Term Incentive Plan 2018–2020

The Plan, approved by the Shareholders' Meeting of Telecom Italia S.p.A. of April 24, 2018, provides for a three year vesting period (2018–2020) and the bonus allocation of Telecom Italia S.p.A. ordinary shares subject to the achievement of two performance conditions, as assessed by the Board of Directors when approving the TIM Group's consolidated financial statements at December 31, 2020:

- average performance of TIM ordinary shares versus the average market performance of a peer basket in the quarters preceding the start and the end of the period (70% weighting);

- cumulative equity free cash flow over the period 2018–2020 (30% weighting).

The operating terms and conditions of the Plan are set forth in the Plan Rules, approved by the Board of Directors during its meeting on July 24, 2018. Further details are provided in the Consolidated Financial Statements of the TIM Group at December 31, 2019.

TIM S.p.A. – Long Term Incentive Plan 2020–2022

The Shareholders' Meeting of April 23, 2020 approved the launch of the new rolling and equity based long-term incentive plan called LTI 2020–2022. On May 18, 2020, the Board of Directors subsequently launched the first cycle of the new Plan, for the three-year period 2020–2022, simultaneously assigning it to the CEO.
The first cycle is aimed at around 149 TIM Group staff: the CEO, Top Management and a selected segment of TIM Group management. Plan recipients were identified during July 2020 and the allocation of the Plan to recipients is currently in progress.

Each cycle of the plan is divided into two parties:
- Performance Share: free allocation of Company ordinary shares whose maturity is subject to an access gate linked to the value of the share and to two share and industrial performance conditions, shown below.
- Attraction/Retention Share: free allocation of Company ordinary shares, the maturity of which is subject to the continuity of the employment relationship with TIM or TIM Group companies.

In relation to the Performance Share component, the performance conditions are as follows:
  - Access gate, represented by the value of the security, which at the end of each cycle must be equal to or greater than the value of the security at the start of the same cycle (refer to the normal value of the share equal to the average of the official closing prices of the Stock Exchange 30 days prior to the start and end of the Plan cycle)
  - NFP / EBITDA ratio, with relative weighting equal to 40%
  - relative performance (TSR) of the ordinary share compared to a basket of Peers, with a relative weighting of 60%

A payout bonus/malus mechanism equal to 4% will be applied to both components (Performance Share and Attraction/Retention Share), linked, in equal measure, to the % growth of use of renewable energy out of total energy and to the reduction of indirect CO_2 emissions.

For the CEO, 100% of the pay opportunity is linked to the Performance Share component. For the remaining recipient managers, 70% of the Pay Opportunity is linked to the Performance Share and the remaining 30% to the Attraction/Retention Shares.

TIM S.p.A. – Broad-Based Share Ownership Plan 2020

In implementation of the resolutions passed on April 23, 2020 by the Extraordinary Shareholders' Meeting, on March 18, 2020 by the Board of Directors of Telecom Italia S.p.A, the campaign for the Broad-Based Share Ownership Plan was commenced on June 16, 2020 and will end on October 30, 2020.
The purpose of the 2020 Broad-Based Share Ownership Plan is to give Group employees the option to invest in Company shares, to increase their motivation to achieve corporate objectives and to strengthen their feeling of being part of the business.
The Plan consists of an offer to subscribe to ordinary shares of the Company, for cash, at a discounted price compared to the market price, reserved for employees of the Company or its Italy-based subsidiaries, excluding "Top Managers".
Employees who have held the subscribed shares for a period of one year, subject to their retaining the status of employees, shall receive ordinary shares of the Company free of charge allotted to them at a ratio of one free share (the “Bonus Share”) for every 3 shares subscribed for cash.
To service the initiative, a maximum of 127,500,000 new shares will be issued, to be offered for paid subscription and, subsequently, a maximum 42,500,000 new shares will issues, without capital increase, for the free allocation of 1 Bonus Share for every 3 subscribed shares.
Employees may request subscription for a minimum of 600 shares up to a maximum investment not exceeding 10,000 euros, for a number of shares that is in any event equal to a multiple of 3.
The shares subscribed during the subscription period will be allocated in November 2020.

Tim Participações S.A. - Long Term Incentive Plan 2018-2020

- **2018-2020 Plan**
  On April 19, 2018, the General Meeting of Shareholders of Tim Participações S.A. approved the long-term incentive plan for managers in key positions in the company and its subsidiaries. The plan aims to reward

participants with shares issued by the company, subject to specific temporal and/or performance conditions (upon reaching specific targets). The 2018-2020 Plan does not cover criteria for setting the purchase or exercise price because the shares are granted at market value.
The vesting period is 3 years (a third per year), valid for 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 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.
The plan – in addition to provide the transfer of the shares – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

- **Year 2018**

On April 20, 2018, the grantees were granted the right to obtain a total of 849,932 shares.
On June 30, 2020 the first and second vesting periods ended.

- First vesting period: against the performance results approved on May, 29, 2019 – 112,302 shares were granted, plus 3,647 shares corresponding to the amount of dividends distributed during the vesting period, according to defined rules. For participants transferred to other companies that are part of the Group, the cash payment corresponding to 9,721 shares was decided, plus the amount of 316 shares corresponding to the amount of dividends distributed during the vesting period, according to the rules set out in the Plan.
- The second vesting period: against the performance results approved on June, 17, 2020 – 83,111 shares were granted, plus 4,655 shares corresponding to the amount of dividends distributed during the vesting period, according to defined rules. For participants transferred to other companies that are part of the Group, the cash payment corresponding to 7,953 shares was decided, plus the amount of 446 shares corresponding to the amount of dividends distributed during the vesting period, according to the rules set out in the Plan.

As of June 30, 2020, of the total granted amounting to 849,932 shares, 446,620 were canceled due to the participants leaving the company and 222,151 shares were allocated or converted into cash, leaving a balance of 181,161 shares, which may increase or decrease according to the final balance of the performance parameters for the 2018–2020 three-year period.

- **Year 2019**

On July 30, 2019, the grantees were granted the right to obtain a total of 930,662 shares.
As at June 30, 2020, the first vesting period has not yet finished. However, 33,418 shares were canceled due to the participants leaving the company. At the end of June 2020, 897,244 shares remain valid.

- **Year 2020**

On April 14, 2020, the grantees were granted the right to obtain a total of 796,054 shares.
As at June 30, 2020, the first vesting period has not yet finished.

NOTE 32
SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The effect of non-recurring events and transactions in the first half of 2020 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 period are shown net of tax effects.

(millions of euros)		Equity	Profit (loss) for the period	Net financial debt carrying amount	Cash flows (*)
Carrying amount	**(a)**	**21,394**	**723**	**25,954**	**550**
Revenues adjustments		(37)	(37)	–	–
Other income		1	1	–	–
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects		(26)	(26)	20	(20)
Employee benefits expenses - Charges related to corporate reorganization/restructuring and other charges		(36)	(36)	137	(137)
Other operating expenses - Expenses related to disputes and regulatory sanctions and potential liabilities related to them, and expenses related to disputes with former employees and liabilities with customers and/or suppliers for other provisions and charges		(39)	(39)	224	(224)
Other income (expenses) from investments		448	448	(1,015)	367
Miscellaneous finance expenses		(2)	(2)	–	–
Total non-recurring effects	**(b)**	**309**	**309**	**(634)**	**(14)**
Income/(Expenses) relating to Discontinued operations	**(c)**	**–**	**–**	**–**	**–**
Figurative amount – financial statements	**(a–b-c)**	**21,085**	**414**	**26,588**	**564**

(*) Cash flows refer to the increase (decrease) in Cash and Cash equivalents during the period.

The impact of non-recurring items on the separate consolidated income statement line items is as follows:

(millions of euros)	1st half 2020	1st half 2019
Revenues:		
Revenues adjustments	(37)	(15)
Other income:		
Brazil Business Unit Tax recovery effect	–	662
Other operating provisions absorption	1	
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(26)	(6)
Employee benefits expenses:		
Charges related to corporate reorganization/restructuring and other charges	(36)	(33)
Other operating expenses:		
Sundry expenses and other provisions	(39)	(276)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(137)**	**332**
Impact on EBIT - Operating profit (loss)	**(137)**	**332**
Other income (expenses) from investments:		
Net capital gain on INWIT transactions	448	
Net gains on the sale of investments in associates and joint ventures accounted for using the equity method	–	1
Finance expenses:		
Miscellaneous finance expenses	(2)	(31)
Impact on profit (loss) before tax from continuing operations	**309**	**302**
Income taxes on non-recurring items	31	(119)
Impact on profit (loss) for the period	**340**	**183**

The COVID-19 emergency, following the spread of the SARS-CoV-2 virus and pronounced a pandemic by the World Health Organization (WHO) on March 11, 2020, resulted in the TIM Group incurring non-recurring expenses, gross of tax effects, for a total of 69 million euros mainly related to the impact of commercial initiatives to support customers (37 million euros), as well as to the effects of macroeconomic difficulties which, having greatly reduced customer spending capacity, generated an increase in arrears compared to historical trends, requiring an adjustment of the provision for bad debt for 17 million euros, with a consequent increase in costs for the sale of receivables for 4 million euros, according to the expected loss differential. The Group also incurred non-recurring charges and costs for various supplies of around 11 million euros, which became necessary for the management of the health emergency, mainly due to the acquisition of personal protection equipment and thermoscanners, and costs for environmental hygiene services.

NOTE 33
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 during the first half of 2020 no atypical and/or unusual transactions, as defined by that Communication, were pursued.

NOTE 34
OTHER INFORMATION

A) EXCHANGE RATES USED TO TRANSLATE THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS(*)

		Period-end exchange rates (statements of financial position)		**Average exchange rates for the period** (income statements and statements of cash flows)	
(local currency against 1 euro)		**6/30/2020**	**12/31/2019**	**1st Half 2020**	**1st Half 2019**
Europe					
BGN	Bulgarian Lev	**1.95580**	1.95580	**1.95580**	1.95580
CZK	Czech koruna	**26.74000**	25.40800	**26.34094**	25.68460
CHF	Swiss franc	**1.06510**	1.08540	**1.06412**	1.12968
TRY	Turkish lira	**7.67610**	6.68430	**7.15048**	6.35944
GBP	Pound sterling	**0.91243**	0.85080	**0.87442**	0.87357
RON	Romanian leu	**4.83970**	4.78300	**4.81743**	4.74166
RUB	Russian ruble	**79.63000**	69.95600	**76.68222**	73.75131
North America					
USD	U.S. dollar	**1.11980**	1.12340	**1.10186**	1.12977
Latin America					
VES	Venezuelan bolivar – Soberano	**226,287.61000**	52,308.38000	**132,204.41000**	4,397.13000
BOB	Bolivian Bolíviano	**7.73780**	7.76270	**7.61360**	7.80669
PEN	Peruvian nuevo sol	**3.95260**	3.72550	**3.76249**	3.75481
ARS	Argentine peso	**78.78590**	67.27490	**71.02728**	46.79486
CLP	Chilean peso	**918.72000**	844.86000	**895.68208**	763.31574
COP	Colombian peso	**4,203.45000**	3,688.66000	**4,066.25808**	3,603.32062
BRL	Brazilian real	**6.13202**	4.52808	**5.40843**	4.34394
Other countries					
ILS	Israeli shekel	**3.88210**	3.88450	**3.86353**	4.09036
NGN	Nigerian Naira	**403.68800**	344.32200	**370.13161**	346.16254

(*) 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, labor costs of dedicated staff and depreciation and amortization. Details are as follows:

(millions of euros)	1st Half 2020	1st Half 2019
Research and development costs expensed during the period	30	32
Capitalized development costs	293	371
Total research and development costs (expensed and capitalized)	**323**	**403**

The decrease recognized in the first half of 2020 was mainly due to the completion of the engineering and deployment and development activities conducted on the LTE and NGAN networks, which have now reached maturity, partially offset by greater implementation activities related to the new generation 5G network.

In the first half of 2020, in the separate consolidated income statements, a total of 520 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 Interim Management Report (“Research and Development” section).

NOTE 35
EVENTS SUBSEQUENT TO JUNE 30, 2020

BINDING OFFER FOR THE MOBILE ACTIVITIES OF THE OI GROUP

On July 18, 2020 Tim Participações S.A. and its 100% subsidiary TIM S.A. communicated that the Board of Directors of Tim Participações S.A. (the "company") and TIM S.A. had, in the meetings held on July 18, 2020, approved making a binding offer for the mobile activities of the Oi Group by TIM S.A., jointly with Telefônica Brasil S.A. ("Vivo") and Claro S.A. ("Claro").

The binding offer was submitted by the parties indicated above for the Oi Group's consideration, after analyzing the data and information made available regarding the assets to be acquired, highlighting that the binding offer is subject to some conditions, in particular that bidders are recognized as "stalking horse" bidders, guaranteeing them the right to meet any other bids made in the competitive sale process of the Oi group's mobile assets. In the event the offer is accepted and the transaction is concluded, each of the interested parties will receive a share of the aforementioned assets.

The joint offer mainly includes the terms of authorization to use the radio frequency; customer base of the Personal Mobile Service; rights to use land and towers; the access or main elements of the mobile network; and systems/platforms.

The interest in the transaction comes because, if completed, it will bring further benefits for the company and its shareholders, its customers and the sector as a whole. From the point of view of the company and its shareholders, the value of the transaction comes from the opportunity to accelerate growth and improve operational efficiency through the expected synergies. From the customer's point of view, the transaction will promote a better user experience and an improvement in the quality of the service, as well as the possibility of launching products and offers. The telecommunications market in general will benefit from a strengthening of investment capacity, technological innovation and competitiveness of the sector.

On July 27, 2020 the Boards of Directors of Tim Participações S.A. and TIM S.A. approved the extension and revision of the binding offer for the mobile business of the Oi group by TIM S.A., together with Telefônica Brasil S.A. and Claro S.A., jointly called "Bidders", and the presentation of a new offer of 16,500,000,000.00 reais (sixteen billion and five hundred million reais). Furthermore, this joint offer considers the possibility of signing long-term contracts for the use of Oi group infrastructure.

The revised binding offer was submitted by the aforementioned parties, underlining that it is subject to certain conditions, in particular in relation to the selection of the company as the "preferential buyer" ("first bidder"), which would guarantee the company the right to increase its offer compared to the best presented bid ("right to top") during the competitive sale procedure of the Oi group's mobile business.

The review of the binding offer reaffirms TIM's interest in the acquisition of the Oi group's mobile business, as well as the desire to contribute to the continuous development of mobile telephony in the country, taking into account the vast experience the company has in the telecommunications sector at a global level and an in-depth understanding of the Brazilian market.

As an operator of recognized financial strength and with a presence and history of large long-term investments in Brazil, TIM is confident that the joint offer of the Bidders, if accepted and deemed successful, will bring benefits to its shareholders through growth acceleration and generation of efficiencies, as well as for its customers, through the improvement of the user experience and provided service quality, and for the entire sector through the strengthening of its investment capacity, technological innovation and competitiveness. In this sense, the joint offer also supports, and is in line with, the regulation which aims to build and consolidate a strong and efficient telephone service in the country.

TIM believes that the offer meets the financial needs of the Oi group, widely known by the market, allowing it to implement its strategic plan and service its creditors, according to the terms set out in the Judicial recovery plan.

TIM S.A. will keep their shareholders and the market informed in accordance with current legislation.

CORPORATE REORGANIZATION IN BRAZIL

In the meeting held on July 29, 2020, the Board of Directors of Tim Participações and its subsidiary TIM SA approved the presentation to the companies' General Meeting of Shareholders, to be held on August 31, 2020, of the proposal to incorporate Tim Participações into its subsidiary TIM S.A., the latter becoming a company listed on the special Novo Mercado segment of the Brazilian stock exchange and with the American Depositary Receipts ("ADRs") traded on the New York Stock Exchange ("NYSE").
TIM stresses that the result of this merger will have no impact on minority shareholders, since TIM S.A. will maintain the same management structure and best corporate governance practices, as well as bringing significant gains in terms of operational and financial efficiency.
The main objective of the merger is to make TIM's operational and financial structure more efficient, reducing its corporate structure, thereby optimizing accounting and tax procedures with a consequent reduction in operating expenses.

NOTE 36
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	Head office	Currency	Share capital	% Ownership	% of voting y 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.
FLASH FIBER S.r.l. (development, implementation, maintenance and supply of the fiber network in Italy)	MILAN	EUR	30,000	80.0000		TIM S.p.A.
GLOBAL SPACE TRE S.r.l. (ICT services)	ROME	EUR	10,000	100.0000		NOOVLE S.r.l.
H.R. SERVICES S.r.l. (personnel training and services)	L'AQUILA	EUR	500,000	100.0000		TIM S.p.A.
MED 1 SUBMARINE CABLES Ltd (construction and management of the submarine cable lev1)	RAMAT GAN (ISRAEL)	ILS	55,886,866	100.0000		TELECOM ITALIA SPARKLE S.p.A.
NOOVLE AI S.r.l. (ICT services)	ROVERETO	EUR	10,000	100.0000		NOOVLE S.r.l.
NOOVLE FRANCE Sasu (ICT services)	PARIS (FRANCE)	EUR	20,000	100.0000		NOOVLE S.r.l.
NOOVLE INTERNATIONAL SAGL (ICT services)	PREGASSONA (SWITZERLAND)	EUR	19,465	100.0000		NOOVLE S.r.l.
NOOVLE MALTA Ltd (ICT services)	GZIRA (MALTA)	EUR	10,000	90.0000		NOOVLE INTERNATIONAL SAGL
NOOVLE S.r.l. (ICT services)	MILAN	EUR	300,000	100.0000		TIM S.p.A.
NOOVLE SICILIA S.c.a.r.l. (ICT services)	PALERMO	EUR	50,000	80.0000		NOOVLE S.r.l.
NOOVLE SLOVAKIA S.R.O. (ICT services)	BRATISLAVA (SLOVAKIA)	EUR	5,000	100.0000		NOOVLE S.r.l.
OLIVETTI S.p.A. (production and sale of office equipment and information technology services)	IVREA (TURIN)	EUR	10,000,000	100.0000		TIM S.p.A.
TELECOM ITALIA SAN MARINO S.p.A. (San Marino telecommunications management)	BORGO MAGGIORE (SAN MARINO)	EUR	1,808,000	100.0000		TIM S.p.A.
TELECOM ITALIA SPARKLE S.p.A. (completion and management of telecommunications services for public and	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		TIM S.p.A.
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	BORGO MAGGIORE (SAN MARINO)	EUR	78,000	51.0000		TELECOM ITALIA SAN MARINO S.p.A.
TELENERGIA S.r.l. (import, export, purchase, sale and trade of electricity)	ROME	EUR	50,000	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 (UNITED STATES OF AMERICA)	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	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd

Company name	Head office	Currency	Share capital	% Ownership	% of voting y rights	Participating companies
TI SPARKLE BOLIVIA S.r.l. (managed bandwidth services)	LA PAZ (BOLIVIA)	BOB	1,747,600	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
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	5,246,906,000	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE CZECH S.R.O. (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 (UNITED STATES OF AMERICA)	USD	15,550,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE PANAMA S.A. (managed bandwidth services)	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. (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 (UNITED STATES OF AMERICA)	USD	1,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.

Company name	Head office	Currency	Share capital	% Ownership	% of voting y rights	Participating companies
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.
TIESSE S.c.p.A. (installation and assistance for electronic, IT, telematics and telecommunications equipment)	IVREA (TURIN)	EUR	103,292	61.0000		OLIVETTI S.p.A.
TIM RETAIL S.r.l. (ex 4G 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
TIMVISION S.r.l. (production, co-production, conception and creation of programs, films and audiovisual content, including multimedia and interactive content)	ROME	EUR	50,000	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
TN FIBER S.r.l. (design, construction, maintenance and supply of optical network access to users in the province of Trento)	TRENTO	EUR	55,918,000	100.0000		TIM S.p.A.
BRAZIL BU						
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	7,169,029,859	99.9999 0.0001		TELECOM ITALIA FINANCE S.A. TIM S.p.A.
TIM PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	11,557,426,974	66.5819 0.0258	66.5991	TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. TIM PARTICIPAÇÕES S.A.
TIM S.A. (telecommunications services)	RIO DE JANEIRO (BRAZIL)	BRL	13,476,171,765	100.0000		TIM PARTICIPAÇÕES S.A.
OTHER OPERATIONS						
OLIVETTI DEUTSCHLAND GmbH (sale of office equipment and supplies)	NURNBERG (GERMANY)	EUR	25,600,000	100.0000		OLIVETTI S.p.A.
OLIVETTI UK Ltd. (sale of office equipment and supplies)	NORTHAMPTON (UNITED KINGDOM)	GBP	6,295,712	100.0000		OLIVETTI S.p.A.
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	100.0000		TIM S.p.A.
TIAUDIT COMPLIANCE LATAM S.A. (in liquidation) (internal audit services)	RIO DE JANEIRO (BRAZIL)	BRL	1,500,000	69.9996 30.0004		TIM S.p.A. TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A.
TIM TANK S.r.l. (fund and securities investments)	MILAN	EUR	18,600,000	100.0000		TIM S.p.A.

Company name	Head office	Currency	Share capital	% Ownership	% of voting y rights	Participating companies
ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD						
AREE URBANE S.r.l. (in liquidation) (real estate management)	MILAN	EUR	100,000	32.6200		TIM S.p.A.
E-LAND S.r.l. (ICT services)	REGGIO EMILIA	EUR	13,350	25.0936		NOOVLE S.r.l.
INFRASTRUTTURE WIRELESS ITALIANE S.p.A. (installation and operation of installations and infrastructure for the management and the sale of telecommunications services)	MILAN	EUR	600,000,000	33.1736		TIM S.p.A.
KOPJRA S.r.l. (development, production and sale of innovative products or services with high technological value)	SCHIO (VICENZA)	EUR	16,795	22.0494		TELECOM ITALIA VENTURES S.r.l.
MOVENDA S.p.A. (design, construction and diffusion of Internet sites, products and computer media)	ROME	EUR	133,333	24.9998		TELECOM ITALIA FINANCE S.A.
NORDCOM S.p.A. (application service provider)	MILAN	EUR	5,000,000	42.0000		TIM S.p.A.
OILPROJECT S.r.l. (research, development, marketing and patenting of all intellectual property related to technology, information technology and TLC)	MILAN	EUR	13,556	(*)		TELECOM ITALIA VENTURES S.r.l.
PEDIUS S.r.l. (implementation of specialized telecommunications applications, telecommunications services over telephone connections, VOIP services)	ROME	EUR	181	(*)		TELECOM ITALIA VENTURES S.r.l.
SWASCAM S.r.l. (ICT services)	MILAN	EUR	173,077	12.9301		NOOVLE S.r.l.
TIGLIO I S.r.l. (real estate management)	MILAN	EUR	1,000,000	47.8020		TIM S.p.A.
TIGLIO II S.r.l. (in liquidation) (real estate management)	MILAN	EUR	10,000	49.4700		TIM S.p.A.
TIMFIN S.p.A. (formerly TIM-SCB JV S.p.A.) (direct and indirect management of corporate shareholdings with the exclusion of activities with the public.)	TURIN	EUR	2,000,000	49.0000		TIM S.p.A.
W.A.Y. S.r.l. (development and sale of geolocation products and systems for security and logistics)	TURIN	EUR	136,383	39.9999		OLIVETTI S.p.A.
WEBIDOO S.p.A. (ICT services)	MILAN	EUR	200,000	10.0000		NOOVLE S.r.l.
WIMAN S.r.l. (development, management and implementation of platforms for social-based Wi-Fi authentication)	MATTINATA (FOGGIA)	EUR	22,233	(*)		TELECOM ITALIA VENTURES S.r.l.

(*) Associate over which TIM S.p.A., directly or indirectly, exercises significant influence pursuant to IAS 28 (Investments in Associates and Joint Ventures).

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
CERTIFICATION OF THE HALF-YEAR CONDENSED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED MAY 14, 1999, AS AMENDED

1. We, the undersigned, Luigi Gubitosi, as Chief Executive Officer, and Giovanni Ronca, as Manager responsible for preparing TIM S.p.A. financial reports, certify, having also considered the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company; and
   - he actual adoption of the administrative and accounting procedures used in the preparation of the Half-Year Condensed Consolidated Financial Statements for the period January 1 – June 30, 2020.

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 Half-Year Condensed Consolidated Financial Statements at June 30, 2020:

   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 interim management report includes reliable analysis of references to important events occurring in the first six months of 2020 and their impact on the half-year condensed consolidated financial statements at June 30, 2020, along with a description of the main risks and uncertainties for the remaining six months of 2020. The Interim Management Report also contains a reliable analysis of information concerning significant related party transactions.

August 4, 2020

Chief Executive Officer	**Manager Responsible for Preparing the Corporate Financial Reports**
_________/*signed/*___________	________/*signed/*__________
Luigi Gubitosi	Giovanni Ronca

INDEPENDENT AUDITORS' REPORT

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Review report on the half-year condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
TIM S.p.A.

Introduction

We have reviewed the half-year condensed consolidated financial statements, comprising the consolidated statements of financial position, the separate consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows and the related explanatory notes of TIM S.p.A. and its subsidiaries (the "TIM Group") as of 30 June 2020. The Directors of TIM S.p.A. are responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-year condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of half-year condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of TIM Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, 5 August 2020

EY S.p.A.
Signed by: Ettore Abate, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
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A member firm of Ernst & Young Global Limited

USEFUL INFORMATION

The 2020 Interim Financial Report is available online at www.gruppotim.it/report/ita and www.gruppotim.it/report/eng.

Information on TIM is also available at
www.gruppotim.it. and information on products and services at www.tim.it.

Finally, the following numbers are available:

Free Number 800.020.220 (for calls from Italy) or +39 011 2293603 (for calls from abroad) available for information and assistance to shareholders.

+39 06 36881 (switchboard) or investor_relations@telecomitalia.it

TIM S.p.A.

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Share Capital 11,677,002,855.10 euros, fully paid up

Tax Code/VAT no. and Milan-Monza Brianza-Lodi Companies Register file no. 00488410010